

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 3:17 PM
To: 'Point Bud'
Subject: RE: WAC 314-55-505

Mike,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Point Bud [<mailto:pointbud@live.com>]
Sent: Saturday, May 18, 2013 10:34 AM
To: rules
Subject: WAC 314-55-505

When it comes to "...an alleged violation of a liquor control board statute or regulation...", there's a pretty good chance that it has occurred due to an employee error, rather than intentional misconduct. As such, licencees should be able to 'self disclose' such issues to the WSLCB with a reduced or no penalty, provided corrective action and further training has been provided.

Self disclosure promotes the licencees to inform the LCB of problems that could be associated with the rules of the system that may need to be altered. The best way to find out if the system is working properly, is for the users to keep the LCB up to date, and this is more likely to happen if the penalties for self disclosure are less severe.

MikeT

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 3:15 PM
To: 'Maureen Botting'
Subject: RE: Energy Consumption - Marijuana Growing

Maureen,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Maureen Botting [<mailto:mbotting@fgillumination.com>]
Sent: Saturday, May 18, 2013 12:07 PM
To: rules
Cc: 'Pete Botting'; ksullivan@fgillumination.com
Subject: FW: Energy Consumption - Marijuana Growing

To Whom It May Concern:

We are an energy conservation company, ForeverGreen Illumination, specializing in LED Lighting. There is new technology in regard to LED gro lights that is having a huge impact in reduced energy costs, reduced heat generation and the ability to modify the light spectrum to enhance growth and quality. We are working closely with LED manufacturers who are very interested in providing LED gro lights for marijuana growing.

As Washington state has always been energy conscientious, we believe there should be some limitations as to energy consumed. We would be happy to provide our input in this regard.

Maureen Botting
Account Specialist
mbotting@fgillumination.com
www.fgillumination.com
206-940-1699

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 3:14 PM
To: 'David Hammond'
Subject: RE: Proposed Rules for Marijuana Production and Distribution

Dave,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: David Hammond [<mailto:dhammond@uw.edu>]
Sent: Saturday, May 18, 2013 12:35 PM
To: rules
Subject: Proposed Rules for Marijuana Production and Distribution

To Whom it May Concern:

In my review of your proposed rules for the Product and Distribution of Marijuana in the State of Washington, I have found two areas in which I recommend minor revisions to help this product stay in compliance with current federal regulations.

I am a regulatory affairs professional and faculty member with the University of Washington and knowledgeable in the regulations surrounding the FDA's regulation of drugs, biologics and dietary supplements.

The FDA has a duty to watch for products that make claims that would indicate that the products advertised are a pharmaceutical. Currently, the Food Drug and Cosmetic Act defines those claims to be any product that is "intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease." [FD&C Act, sec. 201(g)(1)] For example, if a company manufacturing a product claims that it treats cancer or diabetes, but has no approval from the FDA as a drug, medical device or biologic, the FDA must act to remove those, what the FDA considers misbranded or adulterated, products from the market.

In WAC 314-55-155 Advertising, (2)(c) states marijuana advertising may not contain material that "represents the use of marijuana has curative or therapeutic effects." I would strongly recommend amending that statement to meet the FDA's definition of a drug as shown above.

In addition to the advertising (or what the FDA defines as 'labeling'), you should also consider the actual label on the package itself. In WAC 314-55-105 Packaging and labeling requirements, there is no mention of avoiding statements that the product is "intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease." This means that while the advertising could not include those statements, the label itself could, again, running afoul of the FDA's definition of a drug and therefore bringing the regulation of this product under the FD&C Act.

Sincerely,

Dave Hammond

--

Dave Hammond

Clinical Faculty in Biomedical Regulatory Affairs

School of Pharmacy, University of Washington

President, Organization of Regulatory and Clinical Associates

E- dhammond@uw.edu

P- 206-650-7258

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 3:13 PM
To: 'D S'
Subject: RE: Proposed rules

Dale,

All marijuana licensees will need to meet the security and traceability requirements. If there is language you would like to see in the proposed rules please send that language to me for consideration by the board.

Karen

From: D S [<mailto:merauder2@gmail.com>]
Sent: Saturday, May 18, 2013 2:34 PM
To: rules
Subject: Proposed rules

Hello!

My business partner and I have been working on a business plan with the intent to acquire a producers license. The initial rules that were presented have us very worried though. It was our intent to rent a warehouse and grow upwards of 1600 plants. Our business methodology would be comprised of two different methods. The KISS method in which we kept things so simple that any inspections that occurred would take very little time explaining things and would make it very easy for officials to understand our process. The second methodology would be all carrot no stick. Ease of operation of the business with as few headaches as possible. While we were willing to have security for our facility and were looking into business insurance there have been several things in the new suggested rules that we feel would be detrimental to our ability to operate effectively.

We would like the opportunity to have a meeting to discuss this in person as there is too much information to be discussed over an E-mail.

I can be reached at 425-281-3047 and am looking forward to setting down to discuss this matter.
Thank you for your time,
Dale Salisbury

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 3:11 PM
To: 'David@bigfrickinadventures.com'
Subject: RE: Questions regarding I-502 Draft Rules

"The board will not approve any marijuana license for a location where law enforcement access, without notice or cause, is limited, which would include a residence." This statement means a personal residence. A business located in a leased building is not a personal residence.

-----Original Message-----

From: David [<mailto:David@bigfrickinadventures.com>]
Sent: Monday, May 20, 2013 3:07 PM
To: McCall, Karen J
Subject: Re: Questions regarding I-502 Draft Rules

Thanks Karen.

I did not understand from the Draft Rules that local jurisdictions would dictate where licenses would be allowed. I understood from the draft that they could object to a license application, but not that they could dictate the location.

I'm not sure I understand the "The board will not approve any marijuana license for a location where law enforcement access, without notice or cause, is limited, which would include a residence."

Why would law enforcement have more trouble with a building on personal property than one located in an industrial area?

This is a very confusing part of the draft rules. I hope that the WLCB will clarify this issue. And soon. This is making next to impossible to make any kind of concrete plan.

Thanks again.

On 5/20/2013 2:54 PM, McCall, Karen J wrote:

> David,
>
> You should check with your local jurisdiction to find out if they are
> only going to allow marijuana licenses in industrial/commercial zoned
> areas. The board will not approve any marijuana license for a
> location where law enforcement access, without notice or cause, is
> limited, which would include a residence.
>
> Karen
>
> -----Original Message-----
> **From:** David [<mailto:David@bigfrickinadventures.com>]
> **Sent:** Monday, May 20, 2013 2:47 PM
> **To:** McCall, Karen J
> **Subject:** Re: Questions regarding I-502 Draft Rules
>
> Thank you Karen for your prompt reply!
>
> One point of clarification - If you have a farm, and live in the house

> on the property but have a separate structure - like a large barn - as
> long as all the conditions for the building (per I-502 Draft Rules)
> were met, would that be allowable?
>
> I'm trying to understand if this is only going to be allowed in an
> industrial/commercial setting.
>
> Thanks again,
>
> David
>
> On 5/20/2013 1:25 PM, McCall, Karen J wrote:
>> David,
>>
>> I have answered your questions below after each question.
>>
>> Karen McCall
>> Rules Coordinator
>> WSLCB
>> 360-664-1631
>>
>> -----Original Message-----
>> From: David [<mailto:mtresources@hotmail.com>]
>> Sent: Monday, May 20, 2013 1:12 PM
>> To: rules
>> Subject: Questions regarding I-502 Draft Rules
>>
>> Greetings,
>>
>> I have a couple of questions pertaining to the Initial Draft Rules.
>>
>> Concerning growing spaces; What if I live in a rural/agricultural
>> area in a barn that has been converted to a living space, but has
>> ample
> area
>> for a licensed growing operation. Would that be allowed? No. Living
>> in the same space as the licensed operation? No.
>>
>> If that is allowed, how will that affect minors (those under 21) from
>> visiting your place of residence? Would rigid controls to ensure no
>> access of minors the growing area be sufficient?
>>
>> Secondly, are licenses tied to individuals or to locations? Location.
>> By that I mean can someone apply for a license without already having
>> secured the growing space? No. Or will potential licensees need to
>> have both growing space and funding secured by the time of license
>> application? They will need to have a location. Funding will need
>> to be secured before the application will be approved.
>>
>> Third; is the State going to issue further information on the plan
>> for tracking 'seed to store'? Yes. Will there be a unified
>> requirement, ala RFID chips on plant containers, or will licensees
>> need to come up with a system of their own? The board will have a
>> traceability
> system.
>> Lastly, will there be a State issued symbol for crops that are 100%
>> organic (certified by lab testing) and use no pesticides, herbicides,

>> fungicides or any other pest/fungal chemical controls? Te board is
>> still considering this issue.
>>
>> Kudos to WLCB on these Initial Draft Rules! So many great things are
>> contained in the draft that will ensure the safety and quality of
>> this new Washington State product.
>>
>> Thank you for your time and attention,
>>
>> David Moore
>>
>

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 3:09 PM
To: 'Nancy Rutherford'
Subject: RE: Marijuana grow and products laws

Nancy,

You can hold both a producer and processor license but not a retail license. A retail license is a stand alone license. The board has no jurisdiction over medical marijuana. You would need to check with your local jurisdiction regarding a medical marijuana license. The initial draft proposed rules for recreational marijuana are on our website at www.liq.wa.gov.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Nancy Rutherford [<mailto:maxeyalfa@yahoo.com>]
Sent: Saturday, May 18, 2013 12:42 PM
To: rules
Subject: Marijuana grow and products laws

I am interested in growing organic marijuana and producing edibles out of the same. From what I understand a person can only have a license to grow, or process, or sell, none of the licenses are inclusive. Is this true? I have family and friends that do not smoke and/or are elderly and edibles is a better option for them. I do want to have control over how the plants are grown so that no other chemicals are used.

How do I obtain a license in Benton County?

If I have a Medical Card can I grow and or sell?

Thanks for your help; I want to do this legally.

Sincerely,

Nancy Rutherford
4203 S Kingwood St.
Kennewick WA 99337

509-582-8092

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 3:04 PM
To: 'Janet Nielsen'
Subject: RE: Proposed rules

Janet,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Janet Nielsen [<mailto:a1jnielsen@comcast.net>]
Sent: Saturday, May 18, 2013 2:33 PM
To: rules
Cc: Henry Nielsen
Subject: Proposed rules

To Whom It May Concern:

I have read with approval the proposed rules regulating the marijuana industry in the State of Washington. I am no expert in the many issues addressed by the rules, however the requirements and restrictions placed upon these businesses seem reasonable.

However, I have two concerns. First, the rules do not seem to address the use of the internet by those producing or providing marijuana for sale, either for marketing or order-taking purposes.

Second, the logo depicting the geographical area of Washington State in green, with a large marijuana leaf in the center is absolutely abhorrent to me and does not represent a favorable image of the State of Washington. Instead, it looks like an advertisement. The implication is that marijuana use characterizes our state, and that the State itself promotes marijuana usage.

The logo should be a tool of the State, and not an advertising trademark for the industry. The message should be that the business offers marijuana and meets the State's requirements to do so, nothing more.

Sincerely,

Janet Nielsen
18423 28th Ave E
Tacoma, WA 98445

May gratitude inspire you today.

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 3:03 PM
To: 'Dusty Miller'
Subject: RE: Security solution for I 502

The law does not allow third party transport of marijuana. Only the marijuana licensee or their employees are allowed to transport product. Legislation is required to allow third party transport.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Dusty Miller [<mailto:jakebandit110@gmail.com>]
Sent: Sunday, May 19, 2013 12:07 PM
To: rules
Subject: Security solution for I 502

Has any thought been given on what would happen if a shipment of Marijuana was stolen? Do you honestly think you can ship millions of dollars of product and cash around the state? Especially when the people that do it now are criminals? Do u think they're going to just let you take millions out of their pockets? Would anyone be reimbursed if a shipment was stolen? How will the retail location get the product it needs in the future? These questions and uncertainties can all be addressed with one simple solution. Give them to someone else...Give these questions to a Afghanistan veteran who is trained in security, give a United States Marine the job of protecting this idea. You must also know that if Washington fails I 502 and we show that there is no way to legalize Marijuana then the rest of the country will still follow the old ways of thinking. We must show that the greatest state in the United States can conjure an idea and put that idea into practice and make that idea work to profit the people of this great state. Therefore showing the country that this plant isn't evil and it can work to help a lot of things in this broken system we have. But it all hinges. Can the processors and the retail locations get the product they need? My name is Dustin Miller I'm a 27 year old Marine who chucks tires around for a major tire distributor for a living. My skills as a security specialist are not being used at all at my job and you've given me a chance to use them. Attached is a proposed business plan that is up for plenty of interpretation and changes if need be. Please take a moment to read it and pass it on to whom ever can fully appreciate and respond to the email. Thank you

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 3:00 PM
To: 'Cameron Clarke'
Subject: RE: Suggestions & questions regarding initial draft rules

Cameron,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Cameron Clarke [<mailto:jcclarke.ii@gmail.com>]
Sent: Sunday, May 19, 2013 8:26 PM
To: rules
Subject: Suggestions & questions regarding initial draft rules

SPECIFIC QUESTIONS:

WAC 314-55-020, section 8: When will the board provide the required format for submitting an operating plan?

WAC 314-55-083, section 4: When will the traceability system be specified by the board?

- I would recommend using QR codes (there are a plethora of free apps that both generate and scan unique QR codes)

WAC 314-55-095, section 3: Does the transaction limitation apply to sales between producers and processors/retailers?

- This should only apply to transactions between retailers and consumers. The way in which this section is worded is ambiguous.

GENERAL QUESTIONS:

Section 10, subsection 3 of I-502 states that the board must determine the maximum quantity of marijuana a producer may have on the premises. When does the board plan to address this issue?

Do producer facilities need to be located in an area zoned for commercial use? Can they locate in a residential area assuming that they meet all other guidelines?

GENERAL SUGGESTIONS:

I would recommend that the board extend the 30 day window so that applicants have enough time to ensure that they can comply with any changes that might be made to the initial draft rules.

Thank you for all of you time and effort!

Sincerely,
Cameron Clarke

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 2:59 PM
To: 'daniel.p.philipp@gmail.com'
Subject: FW: Review and Comment on the Proposed Rules

Daniel,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Steenhout, Michael L
Sent: Monday, May 20, 2013 9:26 AM
To: rules
Subject: FW: Review and Comment on the Proposed Rules

From: Daniel Philipp [<mailto:daniel.p.philipp@gmail.com>]
Sent: Friday, May 17, 2013 10:51 PM
To: Steenhout, Michael L
Cc: Sebastian DeRosia
Subject: Review and Comment on the Proposed Rules

Mike,

Thanks for coming out and visiting us the other week and discussing the potential under I-502. I received the email from the LCB and downloaded the draft rules. Upon reading them, I realize that I need to discuss this with my friends, employees and industry colleagues. The current rules are written in such a way that my first reaction is "**NO WAY** will I apply for this license, this is ridiculous. I will remain in the medical market only."

These rules are more restrictive and confining than alcohol, tobacco OR firearms with the enforcement capability of the IRS. You would have to be insane to submit yourself to such control. Some points of review regarding the above statement:

- Financiers will be subject to criminal background checks at their own expense to include fingerprinting reviews. While this takes place on wallstreet - most financiers and investors are not subject to these laws. This is of the highest review that is reserved only for those working directly with financial instruments. This is extreme.
- Applicants will be subject to fingerprinting which will be submitted to the FBI. What world are we living in? This industry is in **direct violation of federal law**. And by flagrantly disregarding federal law and engaging in civil disobedience, you are challenging the federal government to react. So instead,

you are going to *make it easy for the federal government to identify and prosecute anyone who pursues an I-502 license. I'm sorry, my freedom means too much for me to take this risk. It's just that simple. I don't think that my employees or financiers will want to be that well known by the FBI.*

- Investigation of the source of our funds, right to real property and verify parties of interest. The way I read this is that you can have access to my tax records, bank records, property records, etc. No way. This is a right reserved for the IRS - and even they have to have cause and only do so in an investigation into criminal/tax evasion activities. This seems rather intrusive and extreme. And how does the board determine if they are "legit." According to them, if they even "think" that it seems "questionable", they can deny. Sounds like they can discriminate against whoever they like for any reason. Furthermore, they say if they are gained in a manner that is in violation of the law. Which law? If any of the money came from MMJ, then it's in violation of federal law. Additionally, everything in the MMJ world is CASH. How do you verify that? Two more areas to easily discriminate.
- Accounting at tax records - they want to have access to all of our records at any time. I can't think of a business where this happens unless it's the IRS making the request.
- Records Keeping - including bank statements and canceled checks. I'm sorry, but this made me laugh incredibly hard. **What bank does business with marijuana companies???** As soon as the federal government learns of this activity, the bank shuts down all of the accounts. There will be no bank statements, there will be no canceled checks. Everything will be cash. What world are the law writers living in that they think that this can work? They aren't the federal government and they don't make the rules. We have to play by altered rules, which means that it's difficult for anyone to bank unless they engage in MONEY LAUNDERING by obscuring the source of the income in order to bank against bank rules. How do you solve that one?
- Related to the point above, how do you pay taxes if no bank will allow you to have a bank account? All taxes are paid by check or electronic withdrawal, which is impossible for a marijuana related business unless the state starts its own bank.
- Extracts can only be infused into other products. Well, infused products accounts for 5% of my business. People want extracts. You will create a black market or strengthen the current medical market. Based on this ALONE, I cannot pursue a license because it would be reckless as a business owner.

There are more issues I have with these rules as written - but those relate only to the ridiculous powers of the ATF, IRS and government body combined into a single totalitarian system. My other comments are as follows as to why this would not be ideal for us to pursue a license at this time:

- Minor restricted signs must be posted up. Does that include our facilities or just retail locations? Because that seems silly, we don't have visitors.
- Will notify local government of us pursuing the license, to which they can object and block us
- Notification of shipment, receipt of shipment, transportation manifest and records. How are we able to introduce our product to retail locations? Often times we leave samples etc. This law assumes that every gram is sold and must be ordered with all the proper documentation as if it's a single owner system! How do wine companies sell wine to establishments? They show up and do a tasting for the owners and staff. There is no latitude in here for that - it's as if all the business relationships have already been established. This is not how business is naturally conducted and is a huge impediment. Not to mention that this documentation and style of delivery will be expensive and cumbersome since the state needs to be notified at each moment of leaving our facility and arriving at a vendor. This is way too crazily restrictive to conduct normal business. No other industry has this, none. Why is marijuana singled out so harshly? This is not for us.
- Product weights produced at the end. This is a product that is perishable and subject to shrink - especially during packaging. Also for extracts, work in progress constantly changes weights. Until it is in its final package, there is no way to track the inventory weight of product that is in process - which may be as much as a week long.

- Can only get trim from licensed producers. Who are these people?? How will we get connected with them? And what if we get all the licensing but none of the producers we are familiar with pursue a license or are rejected? Then we can effectively be eliminated from the market after spending all the time and money. With a limited number of producers, the prices are likely to fluctuate or skyrocket - financially risky.
- The previous bullet coupled with the double 25% tax will make this product incredibly expensive under current pricing. Trim runs \$200-300, which makes the cost of a gram of extract about \$6.5 before any overhead costs - just the cost of the input material. Total cost can run to \$8 easily. Under the new system \$6.5 becomes \$8.125 plus overhead brings us to almost \$10. We currently sell it for \$25 but would likely have to raise prices or take a cut. \$25 becomes \$31.25 or \$62.50 to the end consumer versus \$50 for medical patients. This could easily rise to \$70 so that we are still meeting our margins.
- There is no room for rules in here about working in the medical market. They have all of these rules to prevent product diversion, but what if it is to the medical market? And sometimes we do "for fee" runs where we take people's material and run it for them and give the product back for a fee. Under these rules, we could no longer do that for the medical market. In fact, there doesn't seem to be any room to operate in the medical environment at all.
- Additional fees and burdens that are extreme: we have to pay for the fingerprint and background checks, normal license fees (not too bad with an all-in around \$2k), small scale license, packaging and labeling requirements as addressed in the next bullet.
- The packaging requirements are difficult to meet. The size of our product fits on your pinky finger. The label example is 10x larger than our package! And we would have to use print so fine you couldn't possibly read it in order to fit those labeling requirements onto our jars. We would have to redesign all of our packing to meet the labeling requirements, not to mention that we now would have to use "government approved" packaging, which is yet to be defined. But then again, extracts are disallowed from being sold to the market...
- The number of licenses is vague but seems to imply in the rules that there will be a limitation - which could also affect the financial viability for anyone applying for a license if there is a shortage of product for processors and retail locations. Without room to operate in the medical market based on the strictness of these rules, this is akin to financial suicide unless you have strong relationships already built with large scale operations that are highly likely or 100% likely to obtain a license alongside you. Seems like people with connections and money are the only ones allowed into this system and I sense cronyism and corruption. This is not a free market system at all, it is total bent toward only certain individuals of influence.

Other observations of rules that don't make sense:

- So people can consume alcohol and intoxicating beverages at bars, but places of consumption will not be permitted under this law. That just doesn't make sense. Have you guys considered that the main source of tax income would be from pot tourism? Without a location to consume it - you are likely to curb the tourism, which will account for the bulk of the tax revenue since under this model, the MMJ market is drastically cheaper.
- Landlords don't want to put their name to recognizing that a marijuana business is located on their property! Once they acknowledge that there is a business there for marijuana purposes, they lose their ability to employ plausible deniability if the federal government were to come in and try to take their property for criminal activity. Without this letter and acknowledgement, they would merely get a letter from the government as a cease and desist - evict your tenant. You are making landlords the target of federal seizure of property and party to conspiracy, for which many landlords are not willing to sign their name to even if they are OK with the business type.
- Extracts must be tested a second time. If we use CO2 or someone uses a cold water extract - what is the purpose? What are we testing for? We didn't add pesticides along the way! And the quality assurance testing is vague at best and doesn't tell us what is included in QA.

- Processors using solvents or gasses must work in spark free environment, etc. Well, if chemistry serves me correctly CO2 is a gas, so is air. But none of them are flammable in a spark.
- Solvents must be medical or instrument grade, but minimum 95% purity. Not only is 95% most likely not acceptable since the other 5% is usually poisonous contaminants, but, those aforementioned grades are above 99%, that just doesn't even make sense just like the next one:
- Criminal records of 8 pts or more are rejected. What is the point of having 12 points? You're already rejected at 8!! Can I laugh? And then they double up such that anyone with a prior felony and is under supervision is an additional 8 pts. huh? They already fail with the felony conviction, adding another 8 to make it 20 doesn't even make sense as to why it's in the rules.

I see many downsides and currently, *no real upside to pursuing an I-502 license at this time*. You have taken away many of the powers of the free market and trying to enforce a rigid control structure that works for only a select few individuals (corrupt cronyism) and is likely to fail in it's current form. What works in academia never works in real life. We need to stop trying to write rules like an academic exercise and acknowledge the reality of the environment in which we live and operate.

Best Regards,

Daniel

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 2:57 PM
To: 'Lee Connolly'
Subject: RE: I-502 input

Lee,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

You would need to have a location prior to applying for a license. You should negotiate the lease to be contingent on receiving the license.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Lee Connolly [<mailto:leeconnolly45@gmail.com>]
Sent: Monday, May 20, 2013 2:22 PM
To: rules
Subject: I-502 input

Concerning I-502 initial draft rules:

WAC 314-55-020 License Qualification and Application. Without knowing if a license will be granted, how can an applicant obtain a premises through a lease or purchase of a location? It will be difficult to sign a lease to get an affidavit from a landlord, put out large sums of money for months before getting a license. This also applies to Commercial General Liability Insurance, a floor plan, diagram of security system, etc. This goes along with the notification to cities and counties, which could change as a property is acquired. As I am reading it, this is all part of the requested information to be part of the application. This also applies to a purchase of a commercial property.

WAC 314-55-081: An applicant for a retail license should be able to check off multiple boxes for the counties in which they would be interested in doing business, even if only one is allowed.

My suggestion to the board are as follows: a two phase application process.

Phase one to be a pre-approval process, to include all the information that does not include anything that applies to real property or brick and mortar location, such as floor plan, liability insurance, notices to counties, affidavit by landlord, security camera locations, etc. but be limited to criminal history and admin violation history, financial investigation, proof of three month residency, State Tax Attestation, etc.

Phase Two to be operating plan, landlord affidavit, notice to cities and counties, general liability Insurance, and final inspection. This gives an applicant the opportunity to obtain a location and do the expensive build out so that all that is required, will be done in a timely and correct manner.

Now that these rules are out, it would be very difficult for anyone to secure a building, do the buildout, install security equipment, etc, in what now seems like a very short window, to have everything accomplished for the thirty day window, as indicated in the initial draft rules.

Regards

Lee Connolly, future hopeful for licensing.

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 2:54 PM
To: 'David@bigfrickinadventures.com'
Subject: RE: Questions regarding I-502 Draft Rules

David,

You should check with your local jurisdiction to find out if they are only going to allow marijuana licenses in industrial/commercial zoned areas. The board will not approve any marijuana license for a location where law enforcement access, without notice or cause, is limited, which would include a residence.

Karen

-----Original Message-----

From: David [<mailto:David@bigfrickinadventures.com>]
Sent: Monday, May 20, 2013 2:47 PM
To: McCall, Karen J
Subject: Re: Questions regarding I-502 Draft Rules

Thank you Karen for your prompt reply!

One point of clarification - If you have a farm, and live in the house on the property but have a separate structure - like a large barn - as long as all the conditions for the building (per I-502 Draft Rules) were met, would that be allowable?

I'm trying to understand if this is only going to be allowed in an industrial/commercial setting.

Thanks again,

David

On 5/20/2013 1:25 PM, McCall, Karen J wrote:

> David,
>
> I have answered your questions below after each question.

>
> Karen McCall
> Rules Coordinator
> WSLCB
> 360-664-1631

>
> -----Original Message-----
> **From:** David [<mailto:mtresources@hotmail.com>]
> **Sent:** Monday, May 20, 2013 1:12 PM
> **To:** rules
> **Subject:** Questions regarding I-502 Draft Rules

>
> Greetings,
>
> I have a couple of questions pertaining to the Initial Draft Rules.
>
> Concerning growing spaces; What if I live in a rural/agricultural area

> in a barn that has been converted to a living space, but has ample area
> for a licensed growing operation. Would that be allowed? No. Living
> in the same space as the licensed operation? No.
>
> If that is allowed, how will that affect minors (those under 21) from
> visiting your place of residence? Would rigid controls to ensure no
> access of minors the growing area be sufficient?
>
> Secondly, are licenses tied to individuals or to locations? Location.
> By that I mean can someone apply for a license without already having
> secured the growing space? No. Or will potential licensees need to
> have both growing space and funding secured by the time of license
> application? They will need to have a location. Funding will need to
> be secured before the application will be approved.
>
> Third; is the State going to issue further information on the plan for
> tracking 'seed to store'? Yes. Will there be a unified requirement,
> ala RFID chips on plant containers, or will licensees need to come up
> with a system of their own? The board will have a traceability system.
>
> Lastly, will there be a State issued symbol for crops that are 100%
> organic (certified by lab testing) and use no pesticides, herbicides,
> fungicides or any other pest/fungal chemical controls? Te board is
> still considering this issue.
>
> Kudos to WLCB on these Initial Draft Rules! So many great things are
> contained in the draft that will ensure the safety and quality of this
> new Washington State product.
>
> Thank you for your time and attention,
>
> David Moore
>

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 2:49 PM
To: 'Hugh Goldsmith'
Subject: RE: Comments on WAC 314-55

Hugh,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

-----Original Message-----

From: Hugh Goldsmith [mailto:hagoldsmith@earthlink.net]
Sent: Monday, May 20, 2013 1:38 PM
To: rules
Cc: andy@srigc.com; greg; Douglas Gavilanes
Subject: Comments on WAC 314-55

I am knowledgeable regarding the testing of cannabis since my company (SRI Instruments)(www.srigc.com) manufactures scientific instruments for measuring the potency and pesticide content of cannabis, so I offer the following comments:

- 1) In section WAC 314-55-010-9 where a "lot" is defined as 2 pounds of cannabis flowers. This has an estimated wholesale value of \$4000. Depending on the amount of testing required, the testing cost could approach \$4000 making the testing costs greater than the value of the cannabis.
- 2) In section WAC 314-55-102-2 which describes the Quality Assurance Testing, the requirement that the lab employ a Scientific director with advanced degrees and years of experience is going to raise testing costs substantially since there are few people with the required qualifications, and it is not really necessary to have an advanced degree to do the testing. If the testing costs are too high, then there will be widespread non-compliance. My company makes a simple machine which can perform the potency test for less than \$50 per test (retail price). The actual cost to perform the test (neglecting labor) is about 15 cents. Please see the link describing the process of testing for cannabis potency.
<http://www.srigc.com/Medical%20Cannabis%20Potency%20Testing%20-%200912.pdf>

It is entirely practical for a cannabis producer or retailer to operate their own testing. This would lower costs throughout the system. Mandating a third party testing lab for simple tests a retailer could perform in-house is likely to result in un-necessary costs and much additional time waiting for results. Third party testing will also require massive amounts of cannabis in transit through the mails. There is no mention of how excess cannabis (the leftovers) is to be disposed of.

In Section WAC 314-55-102-6 where the tests are generally defined, it is important to understand that potency testing is relatively easy and inexpensive (about \$50 for a potency test). Pesticide testing however is much more expensive and complex. Different classes of pesticides require different tests. Commonly these tests cost about \$350 per class of

pesticide. So a test for chlorinated pesticides (endrin, dursban, etc) would require \$350 and 1 oz of cannabis. The test for phosphate pesticides (malathion etc) requires another \$350 and another 1oz of cannabis. The test for carbamates (sevin etc) requires another \$350 and 1oz of cannabis. This is only 3 of the 10 classes and already its costing over \$1000 in tests and you really haven't tested for all pesticides much less metals, residual solvents, or microbiological.

There is no mention of acceptable levels of pesticide contamination. This is an important issue because if the required levels are too low, it makes the testing even more expensive. If the testing is too expensive (because the lot size is small) it will result in non-compliance. Lots of cannabis below 2 pounds should be exempt from pesticide testing because the cost of testing is likely to be greater than the value of the cannabis.

Voluntary pesticide screening makes sense using a simplified type of screening machine which can perform a partial pesticides screen for about \$50. Such a machine can be operated by non-degreed people. A partial screen which costs \$50 is better than a complete test which costs \$4000 since nobody will be able to comply with the complete tests unless the lot size is 20 pounds or more. Please see the link describing low cost pesticide testing.
<http://www.srigc.com/MedicalCannabisPesticideTestingApril2011.pdf>

In Section 314-55-105-9C where the label is mandated to include the THC, THCA, CBD, CBDA, CBN and CBG:

This requires a specific type of lab instrument call a Liquid Chromatograph (sometimes called HPLC). Its much less expensive to use a Gas Chromatograph (GC) instead. The US government DEA testing lab uses GC rather than HPLC for this reason.

The GC result groups THC and THCA together and CBD and CBDA together. This makes sense because when heated (or smoked) the THCA turns into THC and the DBDA turns into CBD. Both types of machine measure the potency accurately.

If the mandate is to report THCA separately from THC, then it will increase costs without creating a benefit. Only the THC and CBD levels should be required for reporting. Other cannabinoids should be optional since they have no signifigant pharmacological effect. Expanding the list of cannabinoids which must be reported increases testing costs for no good reason.

It is my suggestion that the minimum tests be mandated or waived entirely for lots of 2 pounds or less. Testing costs for a 2 pound lot should not be required if the total costs of those tests is greater than \$250. Retail and producers should be encouraged to do their own testing rather than rely exclusively on third party labs.

Hugh Goldsmith
SRI Instruments
www.srigc.com

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 2:46 PM
To: 'sweeneyjim3@aol.com'
Subject: FW: WSLCB Releases Initial Draft Rules

The residency requirement is in law. The board cannot change the law by rule. It will take a legislative change to change the residency requirement.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Carpenter, Mikhail
Sent: Monday, May 20, 2013 1:35 PM
To: McCall, Karen J; Mungia, Ingrid G
Subject: Fwd: WSLCB Releases Initial Draft Rules

Sent from my iPhone

Begin forwarded message:

From: sweeneyjim3@aol.com
Date: May 20, 2013, 1:11:41 PM PDT
To: rmc@LIQ.WA.GOV
Subject: Re: WSLCB Releases Initial Draft Rules

There should be a clause in the draft rules that require that anyone issued a license to grow, process, or retail, be living in the state of Washington for at least a year.

-----Original Message-----

From: WSLCB <rmc@LIQ.WA.GOV>
To: LCB-I502 <LCB-I502@LISTSERV.WA.GOV>
Sent: Thu, May 16, 2013 3:31 pm
Subject: WSLCB Releases Initial Draft Rules



Initiative 502 Initial Draft Rules

The Liquor Control Board (LCB) is pleased to release the initial draft rules for I-502 implementation. These rules reflect the Board's stated goal of developing a tightly regulated and controlled market, and also demonstrate the agency's initial thinking on what Washington's system of growing, processing and retailing will look like. The Board is concerned with out-of-state diversion of product, traceability of products, responsible business practices, youth access and other public and consumer safety issues.

By releasing these initial draft rules before filing the formal draft rules the LCB can solicit public comment before starting the official draft rule process in mid-June. Vetting these rules with our stakeholders allows us to adapt and improve them. These draft rules will benefit from your changes, alternatives and adjustments so please review closely and send your suggestions to the below contact points no later than **June 10, 2013**.

[Download Initial Draft Rules](#)

The best way to provide your input is via email at: rules@liq.wa.gov

Alternatively

Mail

Rules Coordinator
Liquor Control Board

P.O. Box 43080
Olympia, WA 98504-3080

Fax

360-664-9689

As always, visit our website for updates and further information. Thank you for your continued interest in I-502 implementation

To unsubscribe from the LCB-I502 list, click the following link:
<http://listserv.wa.gov/cgi-bin/wa?SUBED1=LCB-I502&A=1>

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 2:25 PM
To: 'Derrick. T'
Subject: RE: Licence...

A felony within the last 10 years would prohibit you from qualifying for a marijuana license. See the initial draft rules WAC 314-55-040.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

-----Original Message-----

From: Derrick. T [<mailto:derricktenderholt@hotmail.com>]
Sent: Saturday, May 18, 2013 3:15 PM
To: rules
Subject: Licence...

Good afternoon,

I am very interested as a entrepreneur to step in the new marijuana market. I have read the guidelines. And I have some input.

First, I seen that the rules point out that their will be a point system for those with conviction s. I have felony for marijuana possession. Occurred March 17, 2007. Over six years ago. I am in college taking business pursuing. A masters in business. I have nothing else on my record. So my question is, can I get a license?

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 2:23 PM
To: 'pekarekdave@gmail.com'
Subject: FW: WSLCB Releases Initial Draft Rules

David,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Carpenter, Mikhail
Sent: Saturday, May 18, 2013 3:53 PM
To: Mungia, Ingrid G; McCall, Karen J
Subject: Fwd: WSLCB Releases Initial Draft Rules

Sent from my iPhone

Begin forwarded message:

From: dave pekarek <pekarekdave@gmail.com>
Date: May 18, 2013, 2:22:09 AM PDT
To: WSLCB <rmc@liq.wa.gov>
Subject: Re: WSLCB Releases Initial Draft Rules

WSLB: You have done a very good job to make a simple law that was passed by Washington State Voters completely impractical.

This is my comment as a Stakeholder to the proposed Rules for I-501.

I object to the requirement for detailed analysis of Cannabis active ingredients to be listed on packages for sale to WA citizens.

On such packages for sale to WA citizens, I propose simple language: Low quality, Medium quality, High quality.

I propose the creation of a special sampling committee that is composed of Washington State citizens to test the quality of Marijuana products sold in Washington to make this determination: Low quality, Medium quality, High quality.

I also propose that no requirement be made for the Marijuana producer to be required to make such detailed chemical analysis of the marijuana product that is supplied to the marijuana processor.

I also propose that the marijuana processor or retailer not be required to make such a detailed analysis of the active ingredients in the marijuana product that is offered for sale.

I propose that a special sampling committee be used to test the quality of marijuana products that are for sale in Washington State. I propose a simple grading system to be used for all marijuana products that are offered for sale in Washington State: Low grade, Medium grade, High grade.

Thank you very much

David Pekarek

from Siberia

On Fri, May 17, 2013 at 11:47 PM, dave pekarek <pekarekdave@gmail.com> wrote:
read very carefully.....

<517.gif><4F4.gif><981.gif><1E3.gif><1E3.gif><1E3.gif><000.gif><000.gif><000.gif><360.gif><360.gif><360.gif><360.gif>

----- Forwarded message -----

From: **WSLCB** <rmc@liq.wa.gov>

Date: Fri, May 17, 2013 at 3:08 AM

Subject: WSLCB Releases Initial Draft Rules

To: LCB-I502@listserv.wa.gov



Initiative 502 Initial Draft Rules

The Liquor Control Board (LCB) is pleased to release the initial draft rules for I-502 implementation. These rules reflect the Board's stated goal of developing a tightly regulated and controlled market, and also demonstrate the agency's initial thinking on what Washington's system of growing, processing and retailing will look like. The Board is concerned with out-of-state diversion of product, traceability of products, responsible business practices, youth access and other public and consumer safety issues.

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Download Initial Draft Rules

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Alternatively

Mail

Rules Coordinator
Liquor Control Board
P.O. Box 43080
Olympia, WA 98504-3080

Fax

360-664-9689

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<http://listserv.wa.gov/cgi-bin/wa?SUBED1=LCB-I502&A=1>

Дэвид Энтони Пекарек

On Fri, May 17, 2013 at 3:08 AM, WSLCB <rmc@liq.wa.gov> wrote:



Initiative 502 Initial Draft Rules

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[360-664-9689](tel:360-664-9689)

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<http://listserv.wa.gov/cgi-bin/wa?SUBED1=LCB-I502&A=1>

--

Дэвид Энтони Пекарек

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 2:22 PM
To: 'dohickey.54@googlemail.com'
Subject: FW: WSLCB Releases Initial Draft Rules

Daniel,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Carpenter, Mikhail
Sent: Saturday, May 18, 2013 3:53 PM
To: McCall, Karen J; Mungia, Ingrid G
Subject: Fwd: WSLCB Releases Initial Draft Rules

Sent from my iPhone

Begin forwarded message:

From: daniel hickey <dohickey.54@googlemail.com>
Date: May 16, 2013, 6:54:42 PM PDT
To: WSLCB <rmc@liq.wa.gov>
Subject: Re: WSLCB Releases Initial Draft Rules

in your rules for producing, you say it must be grown inside a building. why? I grow completely organic and outside allowing mother nature to perform her magic; thus making my product organic, not controlled by timers and lights and what ever. How will I be able to comply to your rules?

This is not fair nor is it right to the general public that would choose to participate in a naturally grown product..

Other than that one setback they look fine, thank you for getting them out to us.

Yours truly: Daniel Hickey

Eagle Trees Farm makers of Hickeys Sticky

On Thu, May 16, 2013 at 1:08 PM, WSLCB <rmc@liq.wa.gov> wrote:



Initiative 502 Initial Draft Rules

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As always, visit our website for updates and further information. Thank you for your continued interest in I-502 implementation

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<http://listserv.wa.gov/cgi-bin/wa?SUBED1=LCB-I502&A=1>

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 2:19 PM
To: 'James Hurliman'
Subject: RE: Sales samples

James,

The transporting restrictions apply to any amount of marijuana being transported.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: James Hurliman [<mailto:james.hurliman@gmail.com>]
Sent: Saturday, May 18, 2013 4:41 PM
To: rules
Subject: Sales samples

Hi,

There are a ton of restrictions on transporting marijuana products, but is there a weight limit to this? What if you're simply transporting a few grams of sales samples?

Thanks,
-James

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 2:17 PM
To: 'Jane Cook'
Subject: RE: I-502 Draft Rules Comment

Jane,

The residency requirement is in law. The board cannot change the law by rule. It will take a legislative change to change the residency requirement.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Jane Cook [<mailto:janes@pacifier.com>]
Sent: Saturday, May 18, 2013 4:56 PM
To: rules
Subject: I-502 Draft Rules Comment

Hello,

I want to commend the Board on creating a considered, thorough plan for creating a recreational marijuana industry in Washington State. My suggestion regards the minimum residency requirement contained in the draft rules. (see here)

(7) Per RCW 69.50.331 (1)(b), all applicants applying for a marijuana license must have resided in the state of Washington for at least three months prior to application for a marijuana license. All partnerships, employee cooperatives, associations, nonprofit corporations, corporations and limited liability companies applying for a marijuana license must be formed in Washington. All members must also meet the three month residency requirement. Managers or agents who manage a licensee's place of business must also meet the three month residency requirement.

I think that the minimum requirement should be two-years. I am concerned that the 3-month minimum will encourage people with no local ties or significant connection to the community or state to relocate solely for economic gain. I'm worried that because of their lack of history in a community will have little regard for following the rules and will not contribute to the livability of the community. Please consider making the residency minimum significantly longer.

Best,

Jane Cook
Social Media Specialist

Mobile (360)606-3039

E | Jane@NewMediacy.com



McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 2:16 PM
To: 'Sensible Patient Network'
Subject: RE: I502 rules

The residency requirements and fees were written into I-502. The board cannot change the law by rule. It will take a legislative change to change the residency requirement and the fees.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Sensible Patient Network [<mailto:sensible2469@hotmail.com>]
Sent: Saturday, May 18, 2013 7:08 PM
To: rules
Subject: I502 rules

Briefly, in regards to I502 implementation. It is in my opinion that the brief residency requirement and large licensing fees are entirely not in the spirit this measure was passed in. The residency requirement should be much longer, 1 year minimum. This would certainly help Washington's own citizens as well as discourage out of state leakage. Also, requiring large license fees will only serve the black market as many users of cannabis will refrain from supporting large commercial operations and will prefer a higher grade produced on a smaller scale.

Thanks for listening.

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 4:31 PM
To: 'jkl lovelace'
Subject: RE: Special considerations?

James,

The law prohibits the board from issuing a license within 1000 feet from several locations and a library is one of those locations. A bus stop is not one of those locations. "Public transit center" means sheltered waiting areas located where several bus routes converge. They serve as efficient hubs to allow bus riders from various locations to assemble at a central point to take advantage of express trips or other route to route transfers.

A legislative change would be required to allow a marijuana license within 1000 feet of a library.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: jkl lovelace [<mailto:jkljl@hotmail.com>]
Sent: Friday, May 17, 2013 1:05 PM
To: rules
Subject: Special considerations?

The city core (of the small town I live in) is the only area available to open a retail marijuana store. But the only real problem is it's too close to the library and a bus stop.

If the city wants to make an acceptance and allow a shop to go in, what has to be done in order for this to happen?

James

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 4:26 PM
To: 'Tina Keller'
Subject: RE:

Tina,

You are correct, but the conviction must be disclosed on the criminal history form.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

-----Original Message-----

From: Tina Keller [<mailto:mrsopr8r@aol.com>]
Sent: Friday, May 17, 2013 1:58 PM
To: rules
Subject:

In the Initial Set Of Rules Just Released For Obtaining Licensing To grow Marijuana, is the Point System You Have Chosen In Regards To Criminal History Directly Corespond WithThe Time Frame Given? If Someone Had A Felony Over 12 Years Ago, Those Points would not Count against Them. Correct?

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 4:24 PM
To: 'John Koehler'
Subject: RE: Notice to Stakeholders

John,

Thank you for your comments regarding the rulemaking on "trade area" definition. Your comments will be shared with the board and become part of the permanent rulemaking file.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: John Koehler [mailto:jfkoehler@msn.com]
Sent: Friday, May 17, 2013 2:30 PM
To: rules
Subject: FW: Notice to Stakeholders

Without a map showing the impacted areas it is difficult to provide insightful commentary. However, I believe there are three deficiencies in the proposed section WAC 314-02-1071. There should be three components required in order to define a "trade area". This definition only addresses the first, the geographical location of the retail enterprise. I think it fails to meet the spirit of the law, and I question whether it fails to meet the letter of the law.

The second element should be the location of the clientele intended to be served. This definition ignores this second component. It also gives preference for whoever files first and whatever site they arbitrarily pick. This could lead to a Oklahoma Land Rush kind of situation and to rural populations not being well served by the sites chosen by applicants. Since the state, through this definition, is mandating a limitation on the quantity and location of rural retail liquor outlets, it must assume the responsibility to see that rural communities are reasonably served by the locations of stores approved in "trade areas". Therefore, there must be some element in the definition of "trade area" that requires the identification of the intended customer base, and requires that the retail outlet be located to reasonably service that base. The convenience of location of a requested site for a retail outlet within a "trade area" should be subject to the discretion of the LCB and influenced by public input received during the comment period of the licensing process from the communities and residents within that trade area.

Implicit, but not stated, in the above paragraph is the need to define what is a qualifying community that should be included in a "trade zone". I do not know whether incorporation would be an adequate criteria to provide a reasonable definition of rural communities that need relief from the 10,000 square foot minimum store size requirement. Perhaps communities with populations above some threshold would be the criteria. It is a matter that might need attention, depending upon the approach taken to define "trade area". However, geographical space without any significant population should not qualify as a trade area.

The third component is that a trade area should, by definition, be an area, not a loci nor a line. This definition does define an area in section (1). However, {section (2) (a)} does not define any area, rather it defines a point that is qualified by lines. Since I believe the goal of this rule should be to serve the constituents, areas must be defined so that the communities therein inscribed may be identified and then reasonably served by the location of the retail outlet.

In summary, I believe the definition of "trade area" must actually define an area. This definition should focus upon the communities located inconveniently distant from any current retail outlet, not the liquor retail building. The site of any outlet approved to serve such remote customers should be subject to both LCB and local consideration based upon convenience to the residents within the "trade zone". The proposed definition does none of this.

This concludes my formal critique of the proposal. The written comments below illustrate the statements above and offers alternative proposals.

Respectfully,
John Koehler
Eagle Cliffs Distillery
Longview, WA 98632

For example, say there are two rural communities about twenty-eight miles apart, neither served by a liquor outlet or within twenty miles of an outlet. An applicant files to open one store halfway between them. The following week two other applications are received, each for a store within each community. The first applicant, fourteen miles remote from either town, would preclude either of the later sites from opening. As written, neither the LCB nor the communities would have any input on where the store would be sited. The current proposal would also allow a cabin owner in a remote section of the state to own a liquor store to serve predominately non-commercial interests, simply because it is remote, and no other licensee yet exists in that vicinity. Any island, served by ferry, or by float plane or private boat dock would also allow a separate, possibly essentially private liquor facility to be established per these rules. Any site on a mountain pass sufficiently distant would qualify for a roadside liquor store.

I suggest that instead, the LCB assume primary responsibility for identifying all areas of the state that lie outside a reasonable travel distance criteria from existing liquor retail sites and divide the identified locales into separate "trade areas" that best serve all the affected rural communities. Applicants could then apply to serve any one of those predefined "trade areas" and part of the approval process would be to affirm that the proposed site reasonably serves the community within that area.

However, I could appreciate that such a process could be a political minefield. Alternatively, focusing upon communities, rather than geographical coverage, might prove a better approach to setting up trade areas. Any community (incorporation required?) whose center of town lies beyond the defined reasonable travel distance could qualify for a liquor store. The "trade area" boundary would then be drawn by the LCB to meet two criteria:

- (1) It is within the reasonable travel distance specified by the LCB from the center of town.
- (2) It is not closer by reasonable travel to any existing liquor store.

If the applicant site reasonably services the clientele that lies within this area, it may be approved. No distance from competing stores need be imposed upon the retail site itself, service to the included population would be of primary consideration; however, sites could be rejected that are amply distant from competitors, yet do not well serve the included residents.

However, if such an approach is used, there could be a complicating factor. If more than one community lies within any proposed "trade area", then the application would need to demonstrate that it is located such as to reasonably service every community. This might require that a new center be set for the trade area and the boundaries redrawn.

Unless it is politically difficult to do so, I believe the best approach would be for the state to identify communities lying beyond reasonable access to a retail liquor outlet, place each into a "trade area," and require every applicant to show that their requested site be reasonably accessible to the included residents. No trade zone would be allowed in remote sites that do not serve a qualifying community: No private liquor stores on private islands or remote forest cabins.

From: McCall, Karen J [<mailto:KJM@LIQ.WA.GOV>]

Sent: Wednesday, May 08, 2013 1:19 PM

To: Rules Distribution List; Rules Distribution List 2; G-D-LCB-I-1183_Information; LIQ DL MANAGE TEAM; LIQ DL

Management Assistant Team

Subject: RE: Notice to Stakeholders

There was a mistake in the first notice to stakeholders that was sent. Please read the attached.

The Washington State Liquor Control Board would like your input on the attached revised proposed rules **to define "trade area", WAC 314-02-1071 What is "trade area"**. A supplemental CR 102 was filed with the Code Reviser's Office on May 8, 2013.

Public Comment

Please forward your initial comments to the Liquor Control Board by mail, e-mail, or fax by **June 26, 2013**.

By mail: Rules Coordinator
Liquor Control Board
P.O. Box 43080
Olympia, WA 98504-3080

By e-mail:
rules@liq.wa.gov

By fax:
360-664-9689

**Public
Hearing:** **June 26, 2013
10:00 a.m.**

Washington State Liquor Control Board – Board Room
3000 Pacific Avenue SE, Olympia

If you have any questions, please contact rules@liq.wa.gov. Thank you.

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 4:16 PM
To: 'David R. Antal'
Subject: RE: Proposed Marijuana Rules

David,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: David R. Antal [<mailto:dantal@pregodonnell.com>]
Sent: Friday, May 17, 2013 2:46 PM
To: rules
Subject: Proposed Marijuana Rules

Assuming the rules allow use only in ones private residence, how can this be sold to non-residents with a straight face?

Assuming that limiting one's possession to no more than one ounce has a purpose, how can it be achieved if I can go to one store after another and buy an ounce at each store and then go home with a pound?

If there is no limit on how many purchases I can make, doesn't that fly in the face of the idea that one purchases for oneself only? Won't the absence of a limit on purchases encourage one to become an illegal dealer?

I believe this lack of internal checks and balances will not be overlooked by the federal government and will put this law at risk of being nullified.

Why not do it this way: Any qualified resident of the State of Washington can apply for an identification card. The card is issued for a fee and it has the person's picture on it. This card works like a credit card. The card is used in any licensed point of sale. No money changes hands. The card is replenished automatically to the level chosen by the cardholder, much like the "good to go" system for the 520 bridge. The card is read and up pops the name and the history of the person's purchases. I believe there should be a limitation on how many times anyone can purchase in a week.

David Antal



Service + Solutions = Success

David R. Antal
Of Counsel, Seattle

Seattle:	Portland:	Anchorage:
1800 9th Ave. Ste 1500	222 SW Columbia Ste 1575	310 "K" St., Ste 200
Seattle, WA 98101-1340	Portland, OR 97201-6615	Anchorage, AK 99501
P: (206) 287-1775	P: (503) 224-3650	P: (907) 274-1544
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Email: dantal@pregodonnell.com

Website: www.pregodonnell.com

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McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 4:04 PM
To: 'FarmRanchRose@aol.com'
Subject: RE: draft

Rose,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

A producer can produce as many lots they choose. The definition of "lot" is 2 pounds. The 30 day window for applying for a license will begin after the adopted rules are effective. At this time that date would be September 1, 2013 and last for 30 days. There are insurance companies that do insure this type of business.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: FarmRanchRose@aol.com [<mailto:FarmRanchRose@aol.com>]
Sent: Friday, May 17, 2013 4:37 PM
To: rules
Subject: draft

I can only find one mention of AMOUNT of marijuana allowed to be grown (at one location); a mention of 2 lbs per each 'lot' out of one genetic plant (??) It either means one cannot grow more than 2 lbs from one genetic (seedling) which seems very unreasonable...to have to grow such a large amount of different varieties... or that only 2 lbs are allowed to be grown, altogether (which would not make sense). No one is going to go to all the work and expense, and record keeping, and labeling and transporting for 2 lbs. I assume I read it wrong and there is NO limit to what one can grow (if they can afford it). I still feel being restricted to only 2 lbs (basically 2 plants) per each 'lot' is way too limiting and would create a paper trail nightmare.

I assume you mean the 30 days to apply for license will not occur until after your drafts are all completed, or by Dec. 2013.

I would prefer to see an agricultural expert (board) available to provide HELP with the fertilizing, cultivation, pesticide use, etc etc, cultivation, harvesting, similar to what crop field men do in growing agricultural crops. Such expert help would aid the knowledge of "when, how much", etc., needed. The draft seems to demand 'expert' crop growing and processing, but where does one get (find) such 'help'?

This draft seems awfully concerned re: penalties to be imposed if out-of-compliance. I believe there must be "proof" beyond a reasonable doubt, before any penalties are imposed.

Are there insurance companies out there that will insure this type of operation?

Am somewhat concerned the product can only be grown in a greenhouse type atmosphere, as opposed to 'outside' with proper fencing, etc., and security (i.e.: the price of the operation increases dramatically). Also, why can't the "processing" of the product occur in another (similar or agricultural based) business?

thanks. First thoughts on draft.

Rose Adams

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 3:52 PM
To: 'Leslie Minch'
Subject: RE: I502 draft rules

Leslie,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Every transport of product must be reported to the board. The reporting will be made online.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Leslie Minch [<mailto:leslieminch@gmail.com>]
Sent: Friday, May 17, 2013 6:39 PM
To: rules
Subject: I502 draft rules

Upon initial reading I would offer the following concerns:

New Section. WAC 314-55-075 What is a marijuana producer license and what are the fees related to a marijuana producer license?

(1) A marijuana producer license allows the licensee to produce marijuana for sale at wholesale to marijuana processor licensees and to other marijuana producer licensees. Marijuana production must take place within a fully enclosed secure indoor facility or greenhouse with rigid walls, a roof, and doors.

Not allowing sun-grown production is NOT environmentally sustainable. Eastern Washington offers an ideal growth climate. If we can erect fences to protect our borders, surely we can secure crops.

New Section. WAC 314-55-083 What are the security requirements for a marijuana licensee? ...

(4) Traceability: To prevent diversion and to promote public safety, marijuana licensees must track marijuana from seed to sale. Licensees must provide the required information on a system specified by the board. All costs related to the reporting requirements are borne by the licensee. Plants, lots of useable marijuana or trim, leaves, and other plant matter must be traceable from production through processing, and finally into the retail environment including being able to identify the batches of products such as extracts or infused products from the base marijuana.

New Section. WAC 314-55-085 What are the transportation requirements for a marijuana licensee?...

(1) Notification of shipment: Upon transporting any marijuana or marijuana product, a producer, processor or retailer shall notify the board of the type and amount and/or weight of marijuana and/or marijuana products

being transported, the name of transporter, times of departure and expected delivery. This information must be reported in the traceability system described in WAC 314-55-083(4).

(2) Receipt of shipment: Upon receiving the shipment, the licensee receiving the product shall report the amount and /or weight of marijuana and/or marijuana products received in the traceability system.

The tracing and transportation notification is unclear. Is this going to be an online reporting each time a shipment is made?

Sincerely,

Leslie Minch

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 3:45 PM
To: 'dneal88393@comcast.net'
Subject: RE: marijuana vs cannabis

Dean,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: dneal88393@comcast.net [<mailto:dneal88393@comcast.net>]
Sent: Friday, May 17, 2013 8:11 PM
To: rules
Subject: marijuana vs cannabis

Hi, I am reading the rules and I see the word "marijuana" everywhere and I thought we agreed because of the negativity the name to use is Cannabis. As it was called in the beginning, and your office would be called Washington State Liquor and Cannabis Board. Has this change and if not could you change the verbiage. It is just a formality but we might as well start conforming now. That's it for now see you at the rules meeting. P.S. this first draft does not look too bad so far, good job:

Dean Neal
31st District, Pierce County, Washington State

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 3:44 PM
To: 'catdancen@aol.com'
Subject: RE: marijuana rules

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

The excise tax at each level was written into I-502, section 27, that was approved by the citizens of Washington. The board cannot change the law by rule. It will take a legislative change to modify the excise taxes.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: catdancen@aol.com [<mailto:catdancen@aol.com>]
Sent: Friday, May 17, 2013 8:16 PM
To: rules
Subject: marijuana rules

Personally I don't see the benefit to be state licensed to grow marijuana. If a grower now grows \$100 worth of marijuana, he keeps \$100 of his profit with a small portion going out for overhead and taxes. If growing for the state he grows \$100 worth of marijuana and pays out \$50 right off the bat for excise tax. With what remains the grower pays for testing, labeling, security, insurance, electricity, vertilizer, business and occupation tax, income tax, property tax, accounting, etc, etc. There will be no profit in the marijuana business unless you are as big as Boeing growing marijuana! Or is that what you had in mind the whole time? One big corporation taking over the business that they didn't make? All I can say is good luck keeping Washington grown marijuana in this state! It's going to go where the money is!

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 3:41 PM
To: 'JERRY LUCIEN'
Subject: RE: My thoughts on your rules

The excise tax at each level was written into I-502, section 27, which was approved by the citizens of Washington. The board cannot change the law by rule. It will take a legislative change to modify the excise taxes.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: JERRY LUCIEN [<mailto:jerrylucien@msn.com>]
Sent: Friday, May 17, 2013 9:55 PM
To: rules
Subject: My thoughts on your rules

To start with myself I was looking at a producer lic. But from what I read in your draft there is way too many controlling factors with all your gain.

I know you guys want the tax money, which in my opinion you might as well be in the mafia with a gun to our heads. 75% tax plus at least 10% sales tax ? By the time it is in retail shops it will be far too expensive for the regular person to buy. And if it is then with all the taxation we can't make any money growing it. If there's no real profit then.....why would we work are butts off for nothing. The average grower puts his heart and soul into his grow. Most do it in there house or out building on there property.

Your rules completely are taking all the small growers out of the picture. You heard from all your meetings..mom and pop growing, from some over 30yrs.

I've been around this culture of people my whole life. And nobody I know will even apply for this mess, with all the documentation and detailed things to do. You are completely out of touch with this culture.

If you don't believe me then have another public forum??? Let's see what the people have to say about all of your long list of requirements.

And as far as I'm concerned the black market should have no worries about their business now if this is the way you greedy state people are going to run it. They are all laughing at you guys as they park there expensive car and go into there big houses.

As far as I'm concerned you guys have totally screwed this up.

Sorry if you might take this wrong, but you will find out this is the real world. This is my opinion for whatever its worth.

Thanks for your time.

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 3:39 PM
To: 'Daniel Philipp'
Subject: RE: Review and Comment on the Proposed Recreational Marijuana Rules

Daniel,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Daniel Philipp [mailto:daniel.p.philipp@gmail.com]
Sent: Friday, May 17, 2013 11:41 PM
To: rules
Subject: Review and Comment on the Proposed Recreational Marijuana Rules

WSLCB,

I am ***VERY disappointed*** at the proposed rules and I don't know anyone in the current medical market that will pursue a license under these rules. These rules are more restrictive and confining than alcohol, tobacco OR firearms with the enforcement capability of the IRS combined with legislative powers of government. You would have to be out of touch with business practices (and reality) to submit yourself to such control. Some points of review regarding the above statement, and the most important points:

- Financiers will be subject to criminal background checks at their own expense to include fingerprinting reviews. While this takes place on wallstreet and financial institutions - most financiers and investors are not subject to these laws. This is of the highest review that is reserved only for those working directly with financial instruments. This is extreme.
- Applicants will be subject to fingerprinting which will be submitted to the FBI. What world are we living in? This industry is in **direct violation of federal law**. And by flagrantly disregarding federal law and engaging in civil disobedience, you are challenging the federal government to react. So instead, you are going to **make it easy for the federal government to identify and prosecute anyone who pursues an I-502 license. I'm sorry, my freedom means too much for me to take this risk. It's just that simple. I don't think that owners, employees or financiers will want to be that well known by the FBI. This will make them party to conspiracy and subject to harsh felony charges.**
- Investigation of the source of our funds, right to real property and verify parties of interest. The way I read this is that you can have access to my tax records, bank records, property records, etc. No way. This is a right reserved for the IRS - and even they have to have cause and only do so in an investigation into criminal/tax evasion activities. This seems rather intrusive and extreme. And how does the board determine if they are "legit." According to you, if you even "think" that it seems "questionable", you can deny. Sounds like you can discriminate against whoever they like for any reason. Furthermore, you

say if they are gained in a manner that is in violation of the law. Which law? If any of the money came from MMJ, then it's in violation of federal law. Additionally, everything in the MMJ world is CASH. How do you verify that? Two more areas to easily discriminate.

- Accounting at tax records - they want to have access to all of our records at any time. I can't think of a business where this happens unless it's the IRS making the request.
- Records Keeping - including bank statements and canceled checks. I'm sorry, but this made me laugh incredibly hard. **What bank does business with marijuana companies???** As soon as the federal government learns of this activity, the bank shuts down all of the accounts. There will be no bank statements, there will be no canceled checks. Everything will be cash. What world are the law writers living in that they think that this can work? You aren't the federal government and they don't make the rules - you are merely the liquor control board. We have to play by altered rules, which means that it's difficult for anyone to bank unless they engage in MONEY LAUNDERING by obscuring the source of the income in order to bank against bank rules. How do you solve that one?
- Related the the point above, how do you pay taxes if no bank will allow you to have a bank account? All taxes are paid by check or electronic withdrawal, which is impossible for a marijuana related business unless the state starts it's own bank.
- Extracts can only be infused into other products. Well, infused products accounts for 5% of extract companies' business. People want extracts. You will create a black market or strengthen the current medical market. Based on this **ALONE**, no processor of extracts can pursue a license because it would be reckless.

There are more issues I have with these rules as written - but the above comments relate only to the ridiculous powers of the ATF, IRS and government body combined into a single totalitarian system. My other comments are as follows as to why this would not be ideal to pursue a license at this time:

- Will notify local government of us pursuing the license, to which they can object and block anyone
- Notification of shipment, receipt of shipment, transportation manifest and records. How is a company able to introduce a product to retail locations? It is customary to leave samples etc. This law assumes that every gram is sold and must be ordered with all the proper documentation as if it's a single owner system! How do wine companies sell wine to establishments? They show up and do a tasting for the owners and staff. There is no latitude in here for any sort of product marketing - it's as if all the business relationships have already been established. This is not how business is naturally conducted and is a huge impediment. Not to mention that this documentation and style of delivery will be expensive and cumbersome since the state needs to be notified at each moment of leaving a facility and arriving at a vendor. This is way too crazily restrictive to conduct normal business. No other industry has this, none. Why is marijuana singled out so harshly? This is not for us.
- Can only get trim or cannabis for infusions or extracts from licensed producers. Who are these people? How will companies get connected with them? And what if a person obtains all the licensing but none of the producers a company is familiar with pursue a license or are rejected? Then an applicant can effectively be eliminated from the market after spending all the time and money. With a limited number of producers, the prices are likely to fluctuate or skyrocket - financially risky.
- There is no room for rules in here about working in the medical market. They have all of these rules to prevent product diversion, but what if it is to the medical market? And sometimes companies do "for fee" services for the MMJ community where we take people's material and make products for them and give the product back for a fee. Under these rules, companies could no longer do that for the medical market. In fact, there doesn't seem to be any room to operate in the medical environment at all.
- Additional fees and burdens that are extreme: applicants have to pay for the fingerprint and background checks, normal license fees (not too bad with an all-in around \$2k), small scale license, packaging and labeling requirements. Could be a very pricey up front endeavor with so many unknowns due to the incredibly restrictive nature of the emerging market.

- The number of licenses is vague but seems to imply in the rules that there will be a limitation - which could also affect the financial viability for anyone applying for a license if there is a shortage of product for processors and retail locations. Without room to operate in the medical market based on the strictness of these rules, this is akin to financial suicide unless you have strong relationships already built with large scale operations that are highly likely or 100% likely to obtain a license alongside you. Seems like people with connections and money are the only ones allowed into this system and I sense cronyism and corruption (though these may be unintended consequences of the rules as written). This is not a free market system at all, it is total bent toward only certain individuals of influence.

Other observations of rules that don't make sense:

- Minor restricted signs must be posted up. Does that include processor facilities or just retail locations? Because that seems silly, processors don't have visitors.
- So people can consume alcohol and intoxicating beverages at bars, but places of consumption will not be permitted under this law. That just doesn't make sense. Have you guys considered that the main source of tax income would be from pot tourism? Without a location to consume it - you are likely to curb the tourism, which will account for the bulk of the tax revenue since under this model, the MMJ market is drastically cheaper.
- Landlords don't want to put their name to recognizing that a marijuana business is located on their property! Once they acknowledge that a tenant engages in the marijuana industry, they lose their ability to employ plausible deniability if the federal government were to come in and try to take their property for criminal activity. Without this letter and acknowledgement, they would merely get a letter from the government as a cease and desist - evict your tenant. You are making landlords the target of federal seizure of property and party to conspiracy, for which many landlords are not willing to sign their name to even if they are OK with the business type.
- Extracts must be tested a second time. If someone uses CO2 or cold water extract - what is the purpose? What are we testing for? No pesticides are added along the way! And the quality assurance testing is vague at best and doesn't tell us what is included in QA.
- Processors using solvents or gasses must work in spark free environment, etc. Well, if chemistry serves me correctly, CO2 is a gas and so is air. But none of them are flammable in a spark.
- Solvents must be medical or instrument grade, but minimum 95% purity. Not only is 95% most likely not acceptable since the other 5% is usually poisonous contaminants, but, those aforementioned grades are above 99%. That statement just doesn't even make sense just like the next one:
- Criminal records of 8 pts or more are rejected. What is the point of having 12 point infractions? You're already rejected at 8!! And then you double up such that anyone with a prior felony and is under supervision is an additional 8 pts. huh? They already fail with the felony conviction, adding another 8 to make it 20 doesn't even make sense as to why it's in the rules. No one is under supervision over 10 years later.

I see many downsides and currently, *no real upside to pursuing an I-502 license at this time*. You have taken away many of the powers of the free market and are trying to enforce a rigid control structure that works for only a select few individuals (unintended consequence: corrupt cronyism) and is likely to fail in it's current form. What works in academia never works in real life. We need to stop trying to write rules like an academic exercise and acknowledge the reality of the environment in which we live and operate. If I were to grade this like an academic exercise that it appears to be, I would assign a *failing grade*. You can regulate an emerging market to death - and for young markets to flourish, there needs to be greater latitude, not less. This reminds me of the markets in Vietnam (where I have lived and worked in the past), which has remained a third world country due to the restrictive nature of government, making it impossible to conduct normal business. Your rules are akin to a third world country's politics, which regulate markets to their death and encourage only select, well connected players to engage in the corruption of markets.

Good luck! And remember, you're on a national stage and everyone is watching you. Most of those people watching have the same thoughts and beliefs that I have listed above.

Best Regards,

Daniel Philipp, CPA

Masters of Business Administration: Finance - University of Wisconsin - Madison

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 3:35 PM
To: 'Point Bud'
Subject: RE: WAC 314-55-080

Mike,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Point Bud [<mailto:pointbud@live.com>]
Sent: Saturday, May 18, 2013 7:23 AM
To: rules
Subject: WAC 314-55-080

According to this section there are 4 types of licences. However there are numerous rules that refer to just 3 types of operation - a producer, a processor, and a retailer.

A 'producer-processor' should be defined as a licensee that abides by both the producer and the processor rules.

Also, there should be a distinction between an entity that has a 'producer-processor' licence, and an entity that has both a 'producer' licence and a 'processor' licence. The most logical difference could be the 'producer-processor' would operate from a single location, were a entity with both a 'producer' and a 'processor' licence could use separate locations for each licence.

MikeT

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 3:34 PM
To: 'John Knilans'
Subject: RE: Initial 502 draft rules

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: John Knilans [<mailto:norconian49@gmail.com>]
Sent: Saturday, May 18, 2013 7:29 AM
To: rules
Subject: Initial 502 draft rules

WAC 314-55-015 (5): Law Enforcement entry without notice or probable cause? Is that constitutional?

-155(2)(c): Cannot advertise therapeutic effects? Marijuana is used all over the world for therapeutic treatment. The pain relieving effects are well accepted, to deny advertising therapeutic effects seems to conflict with Medical Marijuana nomenclature. Do you really want to write a law that denies permission to advertise these benefits?

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 3:33 PM
To: 'Point Bud'
Subject: RE: Traceability

Mike,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Point Bud [<mailto:pointbud@live.com>]
Sent: Saturday, May 18, 2013 7:39 AM
To: rules
Subject: Traceability

Under section WAC 314-55-083, paragraph 4, A, the length of time the product was dried and cured should be included. This can have a huge impact on the quality of the final product, and can be used as a guide for the consumer to identify a quality product (similar to aged liquor).

MikeT

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 3:32 PM
To: 'Point Bud'
Subject: RE: WAC 314-55-085

Mike,

The initiative only allows transportation of product by marijuana licensees or their employees. There is no allowance for third party transport.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Point Bud [<mailto:pointbud@live.com>]
Sent: Saturday, May 18, 2013 7:48 AM
To: rules
Subject: WAC 314-55-085

Section WAC 314-55-085, 5, A, limits the the transportation to a select few. Due to the potential value of a large shipment, and the possible great distances across the state, an approved, licensed security firm should be allowed to perform deliveries, under contract with a licensee.

This could include armored care services.

MikeT

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 3:30 PM
To: 'Point Bud'
Subject: RE: WAC 314-55-097

Mike,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Point Bud [<mailto:pointbud@live.com>]
Sent: Saturday, May 18, 2013 8:05 AM
To: rules
Subject: WAC 314-55-097

WAC 314-55-097, paragraph 3, lists suitable non-consumable, solid waste to mix with non-consumable marijuana waste. This section should include non-cannabis organic matter that could normally be composted, includes wood fiber and plant materials.

If it is compost-able, it should be allowed.

MikeT

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 3:29 PM
To: 'Kacie Simpson'
Subject: RE: Legalization

Kacie,

The initiative did not have any impact on business policies that require a drug free workplace. If your employer is a drug free workplace nothing changes.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Kacie Simpson [<mailto:ksimpson21@hotmail.com>]
Sent: Saturday, May 18, 2013 8:07 AM
To: rules
Subject: Legalization

One thing that's been brought up several times among myself and coworkers is the legality of marijuana in the workplace now that it is legal. As of right now, our company is a "drug free" workplace. Therefore if they should request a drug test, any traces of marijuana will be grounds for termination. We received a company wide email shortly after the legalization this fall stating that any employee caught using marijuana even after the legalization would still be terminated. How will this be handled? Will companies in Washington be able to terminate employees for using marijuana if it's a legal substance here in Washington? I mean, essentially it will be like alcohol, right? And as long as we're not drinking while at work, the company has no problem with us consuming alcohol. I think this is something that we really need to think about and make note of. It really is a key factor in legalization.

Kacie Simpson

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 3:27 PM
To: 'Jim Cuthill'
Subject: RE: Initial Draft Rules

Jim,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Jim Cuthill [<mailto:james.p.cuthill@gmail.com>]
Sent: Saturday, May 18, 2013 9:30 AM
To: rules
Subject: Initial Draft Rules

Greetings WSLCB,

Thank you for the hard work you've put into drafting these initial rules for I-502 but there are two things that I see as needing further clarification and should be reworded.

1. The retail outlets proposal of having the ability of being open from 6:00 am until 2:00 am for 20 hours straight is too long and brings the possibility of having people under the influence of marijuana on our roads at night when it is dark and visibility is not good in the first place. Liquor stores were never opened this long for this reason. It should be a reasonable time frame of 9:00 am to 7:00 pm seven days a week instead.
2. The producer/processor location rule being 1,000 feet from schools and parks is good and should be law but the way it is measured from property lines drawn in a straight line such as the crow flies seems too arbitrary because people can not fly, they can not trespass across property lines, they would not swim across rivers and they could not dig their way through hills. They can only walk, drive or ride a bike. The only logical way to measure producer locations with 1,000 foot buffers from schools and parks should be to measure them over public roads and public walkways. Because there could be a producer 2,000 walking or driving feet away on the other side of a hill or on the other side of a river and less than 1,000 feet from a producer in a straight as the crow flies line, which would not seem fair.

The 1,000 foot buffer should be measured over public access via public roads or public walkways. Not with the thought that someone could trespass in a straight line over fencing and through homes, through hills and across rivers. It should be measured over public access routes from property line to property line.

Sincerely,

Jim Cuthill
Chelan County

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 3:25 PM
To: 'James Hurliman'
Subject: RE: Producer/Processor license

James,

A marijuana producer/processors must pay to the board a marijuana excise tax of twenty-five percent of the selling price on each wholesale sale to another processor (sales from producer to processor), and twenty-five percent of the selling price on each wholesale sale to a retailer (sales from processor to retailer).

There is a 25% tax from the producer to another producer or processor, and 25% tax from the processor to a retailer.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: James Hurliman [<mailto:james.hurliman@gmail.com>]
Sent: Saturday, May 18, 2013 9:53 AM
To: rules
Subject: Producer/Processor license

It's implied in WAC 314-55-089 (4)(a) that no taxes are to be paid on marijuana that's produced and processed by the same company by the language "A marijuana producer/processors [sic] must pay to the board a marijuana excise tax of twenty-five percent of the selling price on each wholesale sale to *another* processor (sales from producer to processor)..." (italics added by me).

Therefore the only taxes to be paid by the producer/processor would be the sale to the retailer, correct?

Thanks,
-James Hurliman

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 2:14 PM
To: 'Red'
Subject: RE: Re. draft I-502 implementing regulations

Jonathan,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Red [<mailto:myrdred@gmail.com>]
Sent: Saturday, May 18, 2013 8:10 PM
To: rules
Subject: Re. draft I-502 implementing regulations

To whom it may concern:

I first of all wish to congratulate you on the release of the draft regulations. The Board faces a daunting task in implementing this very challenging initiative, and you've clearly put a lot of time and effort into doing it right.

The only feedback I have at this time concerns the sample label for the back of a marijuana-infused product.in the draft WAC 314-55-105 (12). The sample label bears the text:

Recommended serving size: 10 MG of THC
This product contains 10 servings and a total of 100 MG of THC

The proper abbreviation for "milligrams" is "mg", in lowercase. The use of MG might be acceptable if the rest of the text were in block capitals, but that isn't the case here. I realize that this is a pretty trivial objection, but as I said, you're clearly trying to do this right, and you may as well use the right symbol here.

These are exciting times. Keep up the good work, and I'll be watching with great interest as Washington and the Board break new ground in American drug policy.

Regards,
Jonathan Haas
Snohomish, WA

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 2:12 PM
To: 'jason ferrier'
Subject: RE: comments on I-502 rules

The excise tax at each level was written into I-502, section 27. The board cannot change the law by rule. It will take a legislative change to modify the excise taxes.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: jason ferrier [mailto:j_ferrier@yahoo.com]
Sent: Saturday, May 18, 2013 8:26 PM
To: rules
Subject: comments on I-502 rules

Hello. I just wanted to comment on the tax rate being applied to this process. The 80 year prohibition of cannabis has resulted in a fully entrenched black market, and the medical industry is so large that finding someone operating illegally won't be hard. With the passage of this initiative removing penalties for possession, it will likely be even easier to obtain cannabis than it was before it passed. The bottom line is that if you put too much taxation onto this people will just continue using the black market in order to pay less money for the product, because there is no risk to the user in obtaining unregulated cannabis.

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 2:11 PM
To: 'jason goeken'
Subject: RE: Initiative 502 Initial Draft Rules

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: jason goeken [<mailto:dr.jgoeken@gmail.com>]
Sent: Saturday, May 18, 2013 10:55 PM
To: rules
Subject: Initiative 502 Initial Draft Rules

i believe these rules are far too strict and complex. the key to killing the illegal market is to make it easy for the average backyard grower to obtain a licence. let the production of marijuana come from a high number of small growers and not just a hand full of big businesses. why would someone grow and sell marijuana illegally if they can just as easily do it legally? by imposing such strict guidelines you are encouraging an illegal market to thrive.

growing in an open field should not be allowed but it does not need to be grown in a high security compound either. greenhouses made of breathable material to combat humidity or a simple fence to keep it hidden from view should be enough. even a fence made from rows of corn can hide it from public view, but the property should also have a solid fence. this is where marijuana has come from for generations, there is no need to change a system that already works. if we encourage illegal growers to turn legal everyone wins. the state will make money by collecting application and renewal fees and a percentage of sales, but 25 percent is too much. I'm thinking more like 2%. there is no need to be greedy. imposing things such as insurance and high security requirements will only drive the price of the product up. most people will not pay more for legal weed they can just as easily buy illegally cheaper.

its just weed, it has been here and will be here weather its legal or illegal, weather we like it, or don't like it. anyone who wants it will get it in one way or another, lets not make a big fuss over it.

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 2:08 PM
To: 'Robert Taylor'
Subject: RE: Excessive Tax Triple Diping

Robert,

The excise tax at each level was written into I-502, section 27. The board cannot change the law by rule. It will take a legislative change to modify the excise taxes.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Robert Taylor [<mailto:mscompuserv@gmail.com>]
Sent: Sunday, May 19, 2013 2:58 AM
To: matt.manweller@leg.wa.gov; rules
Subject: Fwd: Excessive Tax Triple Diping

As a former student of yours and your constituent, I would like to address the pending I-502 rules (Recreational legalization). To cut the public comment sent to the liquor control board attached below down to a concise point; the proposed taxes are excessive. The state wants to tax growing, processing and retail at an effective tax of 75%. This tax is very burdensome and not healthy for the intended goals of this initiative. I am suggesting that the excise tax be reduced to at least 50% or ideally 25%. The state sees growing and processing as different functions that are taxed apart from each other. In reality, these functions are almost always done under the same roof. This places an unfair disproportionate burden of 50% tax for manufacturing and only 25% tax for selling. Growing takes just over a month to a handful of months where processing takes only seconds to slap a label on a glass jar. The state is basically charging 25% extra sin tax on the "privilege" to grow cannabis legally. If this discussion comes into debate or consideration in the legislature, please take this into consideration.

----- Forwarded message -----

From: Robert Taylor <mscompuserv@gmail.com>
Date: Sun, May 19, 2013 at 2:45 AM
Subject: Excessive Tax Triple Diping
To: rules@liq.wa.gov

I was curious with regard to the 25% excise or "sin tax". From what I can read from the draft rules, the tax is applied at all stages of production from growing and processing which almost always done at production and finally at retail. Granted, I am leaving out the new standardized labels to be required at processing which was traditionally preformed at the dispensaries (retail in this case) at little labor. If I am correct, this

would result in a taxation in the following example: NO B&O and NO SALES TAX for the grower and processor with B&O and SALES TAX for the retailer. B&O is exempted from agricultural business and there is no sales tax for the first two parts because they are not selling the product to the public. For example, if I grow some strain worth \$16 retail which goes for about \$6 whole sale (50% margin for the retailer, standard practice), I would have to split production like so: I grow the strain at "\$3" to split the cost and sell it to myself for "\$3" for a net tax of 50% and total cost of \$6. In other words, I grow the strain for a gross profit of \$3-25% or \$0.75 and then "sell" to myself for processing at again, \$0.75 tax for a total tax of \$3 or 50% for my total gross output of \$6 in goods. That means of have a net profit of \$3 not including ALL OTHER business expenses. This scheme would make growing and processing cannabis for recreational use not only unprofitable but unsustainable. The tax should be 25% excise at the final point of sale along with the sales tax. This would result in a FAIR "sin tax" of 25%+SALES TAX and not 75%+SALES TAX full circle. That leaves only 25% of the gross revenue and the retailer has to pay B&O regardless of making the bills. Something is really misguided and I hope to have this forwarded as a suggestion before instituting the final rules under I-502. At least cut the additional 25% excise for processing, that would leave a 50% net tax. Taxing the processing results in a very redundant and unfair tax because it is often controlled and preformed under the same roof. In the end, the goal of this initiative was to get the money out of the black market and drug cartels all the while creating many new jobs. I can guarantee to you that this will not create many jobs and the black market will continue to thrive as this proposed set of rules stand. Thank you for your time and I hope you take these considerations into account.

--

Robert Taylor, Student
Central Washington University
Cell: 253-444-7383
VoIP: 253-353-2088
Email: MSCompuServ@gmail.com

"Governments are instituted among Men, deriving their just powers from the consent of the governed" -- United States Declaration of Independence

--

Robert Taylor, Student
Central Washington University
Cell: 253-444-7383
VoIP: 253-353-2088
Email: MSCompuServ@gmail.com

"Governments are instituted among Men, deriving their just powers from the consent of the governed" -- United States Declaration of Independence

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 1:51 PM
To: 'Point Bud'
Subject: RE: WAC 314-55-020 (8)

Mike,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Point Bud [<mailto:pointbud@live.com>]
Sent: Sunday, May 19, 2013 8:31 AM
To: rules
Subject: WAC 314-55-020 (8)

An operating plan for both producers' and processors' should include information and procedures on 'Quality Assurance', and 'Product Development and Sampling'.

Both of these issues need to be addressed if the State is expecting to be a leader in the industry.

Taste testing in particular, needs to be an approved procedure by the LCB, as this may contradict WAC 314-55-015 (11).

MikeT

PS Think of what would happen if Breweries and Wineries could not taste test their products - there would be a lot of dissatisfied customers.

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 1:50 PM
To: 'benrlee@comcast.net'
Subject: RE: [Proposed Rules] Hashish and Marijuana Extracts?

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

-----Original Message-----

From: Washington State Liquor Control Board [<mailto:benrlee@comcast.net>]
Sent: Sunday, May 19, 2013 8:54 AM
To: rules
Subject: [Proposed Rules] Hashish and Marijuana Extracts?

Ben Lee sent a message using the contact form at <http://lcb.wa.gov/contact>.

Hello, I saw that the draft rules regarding the Legalization of Marijuana in Washington State were published a few days ago and I was very concerned with the clause prohibiting hashish and other marijuana extracts. I believe the clause reads as follows.

"marijuana extracts, such as, hash, hash oil, shatter, and wax can be infused in products sold in a marijuana retail store, but RCW 69.50.354 does not allow the sale of extracts that are not infused in products"

I find this to be clause to be extremely troubling if not outright appalling. As an occasional marijuana smoker, I rarely use the product more than once every month or so, however when I do smoke I prefer to smoke hashish to Marijuana 100% of the time. There are distinct advantages to smoking hash over smoking leaf marijuana, which I find disgusting. Hash is a more refined product and, yes it is more potent, but that doesn't mean more dangerous. Hash is much easier to smoke than reefer (as I refer to the green product) which is very harsh and burns the lungs and throat. Also, a preferred way of smoking is to combine cannabis and tobacco and this is much easier to do with hashish than marijuana.

The effects of hashish are distinct from those of marijuana, and hashish does not inhibit my ability to perform my necessary functions as marijuana does. There is no difference in the potentials risks/hazards of one product over another.

As a good example of the differences from weed to hash, I would compare green tea to black tea and green coffee to roast coffee. You can get an effect from both products but one requires a longer process to develop. Hash is a refined and more processed form of green marijuana. Basically a high quality derivative of marijuana. It requires less hash to achieve the same effects as smoking reefer which means inhaling less harmful smoke.

It really makes no sense banning one substance in favor of another and It would be an incredible disservice to the state and it's people to include this clause in the final draft and I hope that you will consider removing it for their benefit. Thank you.

--- A concerned citizen.

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 1:49 PM
To: 'Kaye Knight'
Subject: RE: Proposals to Initial Draft Rules

Kaye,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Kaye Knight [<mailto:sastroses@yahoo.com>]
Sent: Sunday, May 19, 2013 11:45 AM
To: rules
Subject: Proposals to Initial Draft Rules

Hello Rules Coordinator,

I have a few suggestions that I hope the WSLCB might consider.

The draft addresses the issue of too many license in one city/county & if a city/county government in can reject a cannabis business in their region.

If too many applicants for one region apply, they will utilize a "random drawing" & if not enough applicants are submitted for one region, they will select additional applications @ random from the initial list.

Also if a city/government rejects cannabis business in their region, the applicant can request an administrative hearing &/or wait 1 year to reapply. I believe the Supreme Court findings in CA earlier this month are driving this rule, however being to required to wait 1 year to reapply seems harsh.

Can the Board consider portability of initial application under any of the above-mentioned situations. Perhaps the original application can include a ranking order of cities/counties that the applicant is willing to work. This may assist the WSLCB with less trial & error of applicants whom are not willing to relocate & give others a better chance of obtaining a license. I can/will relocate. There are 39 counties in WA & I don't believe allowing us to rank all 39 is possible; but perhaps 10 or so?

Also, I request that a cannabis retailer can have a list of possible therapeutic effects for customers to read. I realize that in WAC 341-55-155 c, you prohibit advertising cannabis curative or therapeutic effects; however some customers that may not be eligible for the medicinal marijuana card may choose to try different strains for medicinal reasons. The Retailer having access to that information would seem to help the customer/residents of WA.

Thank You for your time!
Kaye Knight, MS

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 1:47 PM
To: 'pat carlon'
Subject: RE: 502

Patrick,

The initial draft proposed rule below explains how the board will determine who will be allowed to apply for a retail license.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

New Section. WAC 314-55-081 Who can apply for a marijuana retailer license?

- (1) The board will determine the number of marijuana retail license locations permitted in each county. Interested parties will be invited to submit a request to apply for a retail license on a form approved by the Board and state the county in which they wish to locate.
- (2) The board will initially limit the opportunity to apply for a marijuana retailer license to a 30-day calendar window beginning with the effective date of this section. In order for a marijuana retailer application license to be considered it must be received no later than 30 days after the effective date of the rules adopted by the board. The board may reopen the marijuana retailer application window after the initial evaluation of the applications received and at subsequent times when the market deems necessary
- (3) If more candidates submit interest in applying than the number permitted licensed locations, a random drawing will be conducted to determine those entities eligible to apply for a license.
- (4) All interested parties found eligible to apply for a marijuana retail license will be notified by the board and said entities must submit their completed application prior to the published closing date for license applications.
- (5) If the board receives applications totaling less than the permitted number (per county); further names will be selected at random from the initial list of interested parties.
- (6) Applicants selected for the opportunity to submit an application must still meet all license criteria in order to be granted a license. Selection for the opportunity to apply in no way grants any rights or privileges to the prospective applicant.

From: pat carlon [<mailto:ptc114@gmail.com>]
Sent: Sunday, May 19, 2013 11:51 AM
To: rules
Subject: 502

I just have one quick question - I've asked this of the board members at past public hearings but no one had an answer at that time.

1. How will the board decide on who will receive retail sales permits - assuming there are more qualified applicants than licenses available? Will it be first come, first serve? I've been told at past meetings that it may be some form of lottery but considering the timeline proposed by the board, the answer to this question is critical for retailers to conduct their due diligence.

Thank you in advance for any and all help.

Patrick Carlon

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 1:41 PM
To: 'Wendy Powell'
Subject: RE: Marijuana regulation

Wendy,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Wendy Powell [<mailto:wendy@auroraherbs.com>]
Sent: Sunday, May 19, 2013 8:42 PM
To: rules
Subject: Marijuana regulation

I know this is a difficult issue. Here are two suggestions: 1. That the penalty for not revealing previous criminal convictions be 8 points, not 4. And 2. That suspension of license be applied rather than fines. These people wanted marijuana legal so now they need to learn how real business is regulated – lots of cumbersome regulations. Personally, I would like to see marijuana regulated out of existence.

Sincerely, Mrs. Wendy Powell , 3202 E Dupree Lane, Valleyford, WA 99036 509-448-4183

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 1:27 PM
To: 'Randy Haskins'
Subject: RE: ISO 17025:2005 ACCREDITED MARIJUANA TESTING LABORATORY

Randy,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

-----Original Message-----

From: Randy Haskins [<mailto:randy.haskin@gmail.com>]
Sent: Monday, May 20, 2013 12:33 PM
To: rules
Cc: matt@csalabs.com
Subject: ISO 17025:2005 ACCREDITED MARIJUANA TESTING LABORATORY

In reading your most recent draft of I-502 mandating testing for potency, pesticides, pathogens, heavy metal, mold, mildew and harmful micro-biologicals by an accredited lab. The highest standard of accredited environmental testing labs is the Nationally accepted ISO17025:2005. This is the same standard mandated by the FDA for the testing of biological consumables.

Currently CannaSafe Analytics is the only ISO 17025 laboratory that is specifically accredited for the profile and potency testing of Cannabis and Cannabis infused products. We also hold an ILAC ACCREDITATION which certifies our results to be accurate, reproducible, and verifiable and accepted Worldwide.

Our prototype lab, now operating in Southern California, was built on a franchise model so we can open fully accredited marijuana laboratories in any State, City or county that has Marijuana laws.

When the Board reviews this section of the draft regulations I hope some consideration will be given to hold this new industry to the same high standards of testing that are employed by the FDA. CannaSafe also has developed Chromatographic "fingerprint" methodology that would provide the Board a means of spot testing product to be certain it came from a licensed producer. We also have "non-diversion and exclusionary" programs built around Batch and Lot traceability.

For more information about CannaSafe you can contact us via email or visit our web site at "csalabs.com".

Thank you for your consideration,

Randall Haskin
Laboratory Director

Randy@csalabs.com
Lab: 951-239-3239
Cell: 951-852-3318

Sent from my iPad

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 1:26 PM
To: 'David@bigfrickinadventures.com'
Subject: RE: Questions regarding I-502 Draft Rules

David,

I have answered your questions below after each question.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

-----Original Message-----

From: David [<mailto:mtresources@hotmail.com>]
Sent: Monday, May 20, 2013 1:12 PM
To: rules
Subject: Questions regarding I-502 Draft Rules

Greetings,

I have a couple of questions pertaining to the Initial Draft Rules.

Concerning growing spaces; What if I live in a rural/agricultural area in a barn that has been converted to a living space, but has ample area for a licensed growing operation. Would that be allowed? No. Living in the same space as the licensed operation? No.

If that is allowed, how will that affect minors (those under 21) from visiting your place of residence? Would rigid controls to ensure no access of minors the growing area be sufficient?

Secondly, are licenses tied to individuals or to locations? Location. By that I mean can someone apply for a license without already having secured the growing space? No. Or will potential licensees need to have both growing space and funding secured by the time of license application? They will need to have a location. Funding will need to be secured before the application will be approved.

Third; is the State going to issue further information on the plan for tracking 'seed to store'? Yes. Will there be a unified requirement, ala RFID chips on plant containers, or will licensees need to come up with a system of their own? The board will have a traceability system.

Lastly, will there be a State issued symbol for crops that are 100% organic (certified by lab testing) and use no pesticides, herbicides, fungicides or any other pest/fungal chemical controls? The board is still considering this issue.

Kudos to WLCB on these Initial Draft Rules! So many great things are contained in the draft that will ensure the safety and quality of this new Washington State product.

Thank you for your time and attention,

David Moore

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 1:15 PM
To: 'Grant'
Subject: RE: I-502 1st Draft

Grant,

The initial draft rules do not limit the number of plants a producer may grow. You can hold both a producer and processor but not a retailer license. If you hold a retailer license you can hold no other marijuana license.

Marijuana license locations are addressed in WAC 314-55-015 (5)(6) and (7). You may not grow in your residence. You should check with your local jurisdiction to find out what areas they will allow marijuana licenses.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

-----Original Message-----

From: Grant [<mailto:grcg46@gmail.com>]
Sent: Monday, May 20, 2013 12:56 PM
To: rules
Subject: I-502 1st Draft

-Is this the entirety of your I-502 rules or are there more to come?

-Grow locations was not addressed. Can I grow on my basement, spare bedroom, or shall it be conducted in a commercial space only?

-How many plants can I grow?

-Can I hold a three (3) types of licenses at once?

Thanks,
Grant

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 1:09 PM
To: 'Baldbrothers Distillery'
Subject: RE: marijuana license residency requirement

The residency requirement was included in the language of I-502. The initiative language became law and the only way to change the law is through legislation. The current law created by -502 is below.

Karen

RCW 69.50.331

Application for license.

(1) For the purpose of considering any application for a license to produce, process, or sell marijuana, or for the renewal of a license to produce, process, or sell marijuana, the state liquor control board may cause an inspection of the premises to be made, and may inquire into all matters in connection with the construction and operation of the premises. For the purpose of reviewing any application for a license and for considering the denial, suspension, revocation, or renewal or denial thereof, of any license, the state liquor control board may consider any prior criminal conduct of the applicant including an administrative violation history record with the state liquor control board and a criminal history record information check. The state liquor control board may submit the criminal history record information check to the Washington state patrol and to the identification division of the federal bureau of investigation in order that these agencies may search their records for prior arrests and convictions of the individual or individuals who filled out the forms. The state liquor control board shall require fingerprinting of any applicant whose criminal history record information check is submitted to the federal bureau of investigation. The provisions of RCW 9.95.240 and of chapter 9.96A RCW shall not apply to these cases. Subject to the provisions of this section, the state liquor control board may, in its discretion, grant or deny the renewal or license applied for. Denial may be based on, without limitation, the existence of chronic illegal activity documented in objections submitted pursuant to subsections (7)(c) and (9) of this section. Authority to approve an uncontested or unopposed license may be granted by the state liquor control board to any staff member the board designates in writing. Conditions for granting this authority shall be adopted by rule. No license of any kind may be issued to:

(a) A person under the age of twenty-one years;

(b) A person doing business as a sole proprietor who has not lawfully resided in the state for at least three months prior to applying to receive a license;

(c) A partnership, employee cooperative, association, nonprofit corporation, or corporation unless formed under the laws of this state, and unless all of the members thereof are qualified to obtain a license as provided in this section; or

(d) A person whose place of business is conducted by a manager or agent, unless the manager or agent possesses the same qualifications required of the licensee.

(2)(a) The state liquor control board may, in its discretion, subject to the provisions of RCW

69.50.334, suspend or cancel any license; and all protections of the licensee from criminal or civil sanctions under state law for producing, processing, or selling marijuana, useable marijuana, or marijuana-infused products thereunder shall be suspended or terminated, as the case may be.

(b) The state liquor control board shall immediately suspend the license of a person who has been certified pursuant to RCW 74.20A.320 by the department of social and health services as a person who is not in compliance with a support order. If the person has continued to meet all other requirements for reinstatement during the suspension, reissuance of the license shall be automatic upon the state liquor control board's receipt of a release issued by the department of social and health services stating that the licensee is in compliance with the order.

(c) The state liquor control board may request the appointment of administrative law judges under chapter 34.12 RCW who shall have power to administer oaths, issue subpoenas for the attendance of witnesses and the production of papers, books, accounts, documents, and testimony, examine witnesses, and to receive testimony in any inquiry, investigation, hearing, or proceeding in any part of the state, under rules and regulations the state liquor control board may adopt.

(d) Witnesses shall be allowed fees and mileage each way to and from any inquiry, investigation, hearing, or proceeding at the rate authorized by RCW 34.05.446. Fees need not be paid in advance of appearance of witnesses to testify or to produce books, records, or other legal evidence.

(e) In case of disobedience of any person to comply with the order of the state liquor control board or a subpoena issued by the state liquor control board, or any of its members, or administrative law judges, or on the refusal of a witness to testify to any matter regarding which he or she may be lawfully interrogated, the judge of the superior court of the county in which the person resides, on application of any member of the board or administrative law judge, shall compel obedience by contempt proceedings, as in the case of disobedience of the requirements of a subpoena issued from said court or a refusal to testify therein.

(3) Upon receipt of notice of the suspension or cancellation of a license, the licensee shall forthwith deliver up the license to the state liquor control board. Where the license has been suspended only, the state liquor control board shall return the license to the licensee at the expiration or termination of the period of suspension. The state liquor control board shall notify all other licensees in the county where the subject licensee has its premises of the suspension or cancellation of the license; and no other licensee or employee of another licensee may allow or cause any marijuana, useable marijuana, or marijuana-infused products to be delivered to or for any person at the premises of the subject licensee.

(4) Every license issued under chapter 3, Laws of 2013 shall be subject to all conditions and restrictions imposed by chapter 3, Laws of 2013 or by rules adopted by the state liquor control board to implement and enforce chapter 3, Laws of 2013. All conditions and restrictions imposed by the state liquor control board in the issuance of an individual license shall be listed on the face of the individual license along with the trade name, address, and expiration date.

(5) Every licensee shall post and keep posted its license, or licenses, in a conspicuous place on the premises.

(6) No licensee shall employ any person under the age of twenty-one years.

(7)(a) Before the state liquor control board issues a new or renewed license to an applicant it shall give notice of the application to the chief executive officer of the incorporated city or town, if the

application is for a license within an incorporated city or town, or to the county legislative authority, if the application is for a license outside the boundaries of incorporated cities or towns.

(b) The incorporated city or town through the official or employee selected by it, or the county legislative authority or the official or employee selected by it, shall have the right to file with the state liquor control board within twenty days after the date of transmittal of the notice for applications, or at least thirty days prior to the expiration date for renewals, written objections against the applicant or against the premises for which the new or renewed license is asked. The state liquor control board may extend the time period for submitting written objections.

(c) The written objections shall include a statement of all facts upon which the objections are based, and in case written objections are filed, the city or town or county legislative authority may request, and the state liquor control board may in its discretion hold, a hearing subject to the applicable provisions of Title 34 RCW. If the state liquor control board makes an initial decision to deny a license or renewal based on the written objections of an incorporated city or town or county legislative authority, the applicant may request a hearing subject to the applicable provisions of Title 34 RCW. If a hearing is held at the request of the applicant, state liquor control board representatives shall present and defend the state liquor control board's initial decision to deny a license or renewal.

(d) Upon the granting of a license under this title the state liquor control board shall send written notification to the chief executive officer of the incorporated city or town in which the license is granted, or to the county legislative authority if the license is granted outside the boundaries of incorporated cities or towns.

(8) The state liquor control board shall not issue a license for any premises within one thousand feet of the perimeter of the grounds of any elementary or secondary school, playground, recreation center or facility, child care center, public park, public transit center, or library, or any game arcade admission to which is not restricted to persons aged twenty-one years or older.

(9) In determining whether to grant or deny a license or renewal of any license, the state liquor control board shall give substantial weight to objections from an incorporated city or town or county legislative authority based upon chronic illegal activity associated with the applicant's operations of the premises proposed to be licensed or the applicant's operation of any other licensed premises, or the conduct of the applicant's patrons inside or outside the licensed premises. "Chronic illegal activity" means (a) a pervasive pattern of activity that threatens the public health, safety, and welfare of the city, town, or county including, but not limited to, open container violations, assaults, disturbances, disorderly conduct, or other criminal law violations, or as documented in crime statistics, police reports, emergency medical response data, calls for service, field data, or similar records of a law enforcement agency for the city, town, county, or any other municipal corporation or any state agency; or (b) an unreasonably high number of citations for violations of RCW 46.61.502 associated with the applicant's or licensee's operation of any licensed premises as indicated by the reported statements given to law enforcement upon arrest.

[2013 c 3 § 6 (Initiative Measure No. 502, approved November 6, 2012).]

From: Baldbrothers Distillery [mailto:baldbrothers420@gmail.com]

Sent: Monday, May 20, 2013 12:54 PM

To: McCall, Karen J

Subject: Re: marijuana license residency requirement

I was under the impression that this initial draft was a "work in progress" will it really take legislative action to rescind that requirement? Also, how completely ludicrous is that requirement?! It seems as though despite the fact that I-502 decriminalized marijuana, the state is still looking at it with the mindset of an illegal substance. Do any other businesses in the state (i.e. breweries, distilleries, pharmaceutical manufacturers) have to jump through this many hoops?

Thanks again for letting us know.

On Mon, May 20, 2013 at 12:45 PM, McCall, Karen J <KJM@liq.wa.gov> wrote:

Yes, the residency requirement applies to everyone involved in the corporation. All officers and stockholders.

Karen

From: Baldbrothers Distillery [<mailto:baldbrothers420@gmail.com>]

Sent: Monday, May 20, 2013 11:25 AM

To: McCall, Karen J

Subject: Re: marijuana license residency requirement

Quick question: as we are a privately held corporation, does the residency requirement still apply to us as officers of the company? We filed for and received our business license from the Washington Secretary of State's office in February...

On Mon, May 20, 2013 at 11:07 AM, McCall, Karen J <KJM@liq.wa.gov> wrote:

Steve and Jason,

The law was written differently for liquor and marijuana. Laws can only be changed through legislation.

Karen McCall

Rules Coordinator

WSLCB

[360-664-1631](tel:360-664-1631)

From: Baldbrothers Distillery [mailto:baldbrothers420@gmail.com]
Sent: Thursday, May 16, 2013 3:03 PM
To: rules
Subject: marijuana license residency requirement

We couldn't help but notice that WSLCB's residency requirement for a liquor license "...does not apply if you are applying as a part of a corporation or a limited liability company that is registered with the Washington Secretary of State's office."

Why are you treating marijuana licenses differently? It seems to us to be arbitrary and capricious.

--

Jason & Steve
(360) 797-5516
baldbrothers.co

--

Jason & Steve
(360) 797-5516
baldbrothers.co

--

Jason & Steve
(360) 797-5516
baldbrothers.co

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 1:00 PM
To: 'Ann Brooking'
Subject: RE: location of grow facilities?

Ann,

The board has drafted into rule, "The board will not approve any marijuana license for a location where law enforcement access, without notice or cause, is limited." That would include a residence. You should check with your local jurisdiction on whether or not they will give you a local license in a residential zone.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

-----Original Message-----

From: Ann Brooking [<mailto:brookingann@yahoo.com>]
Sent: Monday, May 20, 2013 11:11 AM
To: rules
Subject: location of grow facilities?

Hello,

I have acreage in rural Skagit County. Could I put a grow facility in a residential area? It is zoned 5 acre lots. How could I find out?

Thanks,

Ann Brooking
brookingann@yahoo.com

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 12:52 PM
To: 'Preston Bringhurst'
Subject: RE: 1st Draft Shaft

Preston,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Preston Bringhurst [<mailto:pbringhurst87@gmail.com>]
Sent: Monday, May 20, 2013 12:18 PM
To: rules
Subject: 1st Draft Shaft

Hello!

I realize that you all have a big job to do in this, but I must say that there needs to be more help for the mom and pops to get their business going. Will the WSLCB work with banks or organize a committee that will assist those who need it in getting financing?

Right now the way I interpret the draft rules is that people have a 30-day application window where they need to have secured financing and appropriate land and then all the security needs, etc. Not many people are going to be able to make all of that happen in 30 days. Not many at all. Even now that we have a draft, this only helps people who are independently wealthy get prepared. You should see the looks I get when I go from bank to bank in my small town, asking for help finding land and finances. I have the plans, I have the degree in agriculture, but I am a young man that can barely afford house payments while I try to gain experience in related fields. It has been my dream to open up a legitimate production facility and I can't see that as being a reality in your 30 day window that will be coming up much sooner than I would like.

Of course, your draft mentions that the application process may be opened again someday... I can only imagine how competitive that next application filing window will be once you have an established working industry. I want the opportunity that I voted for and have supported despite the concerns the law carried. I want the opportunity even though I have heard the liquor control board (as predicted by many) is already in talks with legislators to shut down the medical cannabis industry.

Please at least draft some sort of plan to give assistance to those who need it. How hard would it be to work a little magic and find banks willing to give loans to approved applicants? The approved application should be worth something to banks if you, a government regulatory body, can work to ease their fears of repercussions.

Concerned but persevering,
Preston Bringhurst

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 12:45 PM
To: 'Baldbrothers Distillery'
Subject: RE: marijuana license residency requirement

Yes, the residency requirement applies to everyone involved in the corporation. All officers and stockholders.

Karen

From: Baldbrothers Distillery [mailto:baldbrothers420@gmail.com]
Sent: Monday, May 20, 2013 11:25 AM
To: McCall, Karen J
Subject: Re: marijuana license residency requirement

Quick question: as we are a privately held corporation, does the residency requirement still apply to us as officers of the company? We filed for and received our business license from the Washington Secretary of State's office in February...

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Steve and Jason,

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Karen McCall

Rules Coordinator

WSLCB

360-664-1631

From: Baldbrothers Distillery [mailto:baldbrothers420@gmail.com]
Sent: Thursday, May 16, 2013 3:03 PM
To: rules
Subject: marijuana license residency requirement

We couldn't help but notice that WSLCB's residency requirement for a liquor license "...does not apply if you are applying as a part of a corporation or a limited liability company that is registered with the Washington Secretary of State's office."

Why are you treating marijuana licenses differently? It seems to us to be arbitrary and capricious.

--

Jason & Steve
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baldbrothers.co

--

Jason & Steve
(360) 797-5516
baldbrothers.co

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 12:08 PM
To: 'Joel Schwartz'
Subject: RE: WAC 314-55-079

Initiative 502 does not allow for the retail sale of extracts. You will still be able to obtain extracts from the medical marijuana dispensaries. Recreational marijuana does not affect the medical marijuana industry.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Joel Schwartz [<mailto:jschwartz6@yahoo.com>]
Sent: Friday, May 17, 2013 8:42 AM
To: rules
Subject: WAC 314-55-079

I am writing to protest the provision in the above regulation which bans the sale of marijuana extracts, specifically hashish.

I am a medical marijuana user and I find unadulterated marijuana too harsh for my lungs, vaporized marijuana aesthetically unacceptable, and edible marijuana upsetting to my stomach. Emerging technologies have produced a hashish which is free of most impurities and thus is much gentler to smoke, and more concentrated, which means much less is needed to achieve the desired effect.

I was very surprised and dismayed to read that my product of choice, which in fact is quite similar to allowable delivery systems, will nevertheless be unavailable. Please reconsider.

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 12:04 PM
To: 'Micah Boddy'
Subject: RE: Personal use

Micah,

Initiative 502 does not allow for personal growing. Personal growing is still prohibited for recreational marijuana.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Micah Boddy [<mailto:micahboddy@gmail.com>]
Sent: Friday, May 17, 2013 8:05 AM
To: rules
Subject: Personal use

To whom it may concern,

I read most of the rules but nowhere can I find information about growing for personal use. Is growing 1 or 2 plants for personal use going to be allowed? If not why? I have numerous friends that brew their own beer at home without any special license and I can't see it being much different growing a plant or two for personal use in your home. Thank you for your time.

Sincerely,

Micah Boddy

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 12:01 PM
To: 'ztpteo@gmail.com'
Subject: FW: [Licensing: Non Retail] Marijuana Producers Question

Zach,

The marijuana producer license includes the harvesting process, that is: cutting, clipping, drying and curing.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

-----Original Message-----

From: Washington State Liquor Control Board [<mailto:ztpteo@gmail.com>] Posted At: Thursday, May 16, 2013 11:47 PM Posted To: MIW Labels
Conversation: [Licensing: Non Retail] Marijuana Producers Question
Subject: [Licensing: Non Retail] Marijuana Producers Question

Zachary Johnston sent a message using the contact form at <http://liq.wa.gov/contact>.

Hello,

I have a grey area question that I cannot seem to find an answer to in any of the material thus far.

I am working on executing a business plan for a Marijuana Producer's Operation. And I am unsure of where the line is drawn between Production and Processing.

Will Producer's Licenses include that harvesting process, that is: cutting, clipping, drying and curing? OR will that be part of the Processor's License?

I need a clear answer so that I can properly plan the sort of facility we would build to include space for those processes or not.

Thank you for your help.

All the Best, Zach

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 11:58 AM
To: 'Jeff Gilmore'
Subject: RE: draft rules 502 WELL DONE

Jeff,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Jeff Gilmore [<mailto:morgandollar44@yahoo.com>]
Sent: Friday, May 17, 2013 8:38 AM
To: rules; Sen. Jeanne Kohl-Welles; Alison Chinn Holcomb; lonniejb@comcast.net; slaney@agr.wa.gov; Lsheridan@agr.wa.gov; Trotter, Samantha E.
Subject: draft rules 502 WELL DONE

Nice job A++ atta boy ,atta gal ,just amazing. no major complaints, give yourselves a slap on the back for a job well done. The help from agriculture department gives all of this clarity.

Jeff Gilmore

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 11:49 AM
To: 'k. orton'
Subject: RE: medical issues

Kevin,

You will still be able to obtain you medical marijuana from the medical marijuana businesses. Recreational marijuana does not affect the medical marijuana industry.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: k. orton [<mailto:cembad@yahoo.com>]
Sent: Thursday, May 16, 2013 10:44 PM
To: rules
Subject: medical issues

My wife and I are disabled and living on SS disability she has MS and I have nerve damage w/ amputations from a MRSA infection I contracted from a doctors office. If you take away my ability to grow our own medication then we be forced to resume taking prescription NARCOTIC painkillers with an increased cost to our health care because of the problems associated with long term ingestion of narcotics.

Not ALL scripts are bogus. Our health care provider is one of THE TOP CERTIFIED pain management specialist in the state.

To impose rules on us as you would a commercial venture is ridiculous, get a grip!! There is NO WAY I would be able to afford the price fo our preferred medication if we have to purchase it under the proposed 'legalized' rules.

So given the choice of going back on narcotic pain meds or illegally growing? You will force this old man into becoming exactly which you are trying to eliminate, the criminal element from MMJ use.

Get a clue please and reconsider what it is like for us legitimate medical users.

Regards,

Kevin P. Orton
31414 SE 97th Street
Issaquah, WA 98027
Home; 425)222-5393
cembad@yahoo.com

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 11:46 AM
To: 'Steven K. Linkon'
Subject: RE: WSLCB Initial Draft Rules

Steven,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

RCW 69.50.331(8) states the board may not issue a license for a location within 1000 feet of several locations. The language in the rule restates the law. The law cannot be changed without legislation. The other uses of "may" versus "will" is as you stated, "may" is discretionary and "will" as mandatory.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Steven K. Linkon [<mailto:slinkon@rcolegal.com>]
Sent: Thursday, May 16, 2013 8:20 PM
To: rules
Subject: WSLCB Initial Draft Rules

I thought you did a nice job with the Regulations. There are a lot of moving parts and I was pleasantly surprised how well they are presented.

One clarification is how do you intend people to read the directions stating the board *may* conduct versus the board *will* require? An example is 314-55-020:

- (4) The board *will* conduct a financial investigation . . .
- (5) The board *may* require a demonstration by the . . .
- (6) The board *may* conduct a final inspection . . .

In these contexts I read *will* as being mandatory and *may* as discretionary. It would be helpful for the regulations to clarify the board's intentions in these contexts.

An example arises in 314-55-050 – sub paragraph (11) states:

The board *may* not issue a new marijuana license if the proposed licensed business is within one thousand feet of the perimeter of grounds of [listed entities].

In this context is *may* discretionary or mandatory?

A rigid 1,000 sf distance for a producer license is likely too restrictive, especially given that the "production must take place within a fully enclosed secure indoor facility . . ." Given that the facility is enclosed and secure does it matter if it is within 900 feet or so of a listed entity?

I am afraid there may not be enough building owners amenable to allowing production on their property sufficiently removed from the listed entities.

Why not restrict production to industrial zoned areas and be less concerned with distance from listed entities?

You might allow property owners apply to have their buildings allowed for production, contingent on a producer licensee willing to rent the property.

I feel under the proposed rules there will be problems issuing producer licenses because the proposed licensee will need to secure a location but will not know until the license application is granted whether the facility and location are acceptable. Because most proposed licensees will be renting buildings, it might not be practical for them to locate an owner willing to hold their building off the rental market during the license review process.

Steven K. Linkon
Senior Counsel

Direct: 425.586.1952
Fax: 425.283.5952
slinkon@rcolegal.com



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McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 11:39 AM
To: 'Jeremy Moberg'
Subject: RE: Okanogan Cannabis Association Press Release

Jeremy,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Jeremy Moberg [<mailto:jeremy.moberg@gmail.com>]
Sent: Thursday, May 16, 2013 5:45 PM
To: rules
Subject: Okanogan Cannabis Association Press Release

Okanogan Cannabis Association Press Release 5.16.2013 (3:24pm):

The Okanogan Cannabis Association applauds the Liquor Control Board (LCB) for the thoughtful and timely release of the draft rules governing the implementation of I-502. The OCA is pleased to see that the LCB is allowing sun grown cannabis to be grown. Unfortunately, the LCB seems willing to allow the continuation of the environmentally destructive and energy intensive indoor growing practices under a legal framework. The age of prohibition is over and it is no longer necessary to accept the huge environmental impact from industrial indoor cannabis production. We hope that the LCB will adopt additional rules that assess the environmental impact of each licensee or production method including the energy consumption and carbon footprint per pound of cannabis yielded. The LCB should adopt labeling standards that make it clear to the consumer the production method used, energy used and carbon produced in the production of cannabis for sale. The LCB should set energy and carbon limits embedded in the production of cannabis and require offsetting of the electrical use and carbon emissions for cannabis produced beyond these limits.

The LCB is tasked as its primary objective to protect the public from the harms of alcohol and now cannabis in our state. Given that only a small percentage of people in Washington use cannabis it is imperative that the LCB put the interests of the state and public first. By apparently allowing cannabis to be grown in a warehouse using vast amounts of energy and producing the associated carbon emissions the LCB is not protecting the public from the environmental harms from indoor cannabis

production. We urge the LCB to adopt sustainability standards in line with the state's effort to reduce carbon emissions and protect the state's finite clean and renewable energy sources by giving preference to licensees who grow utilizing sustainable methods using the sun as the primary source of energy.

We are encouraged by the LCB decision to allow greenhouses to grow cannabis outdoors. The LCB should modify the security standards to focus on protecting the perimeter and all associated buildings and allow for the greenhouses film to be removed during hot periods of the year. This will allow cannabis to be grown directly in the sun thereby avoiding energy intensive ventilation. Greenhouses located in eastern Washington will be too hot to grow in the summer under the current security standard stated in the LCB draft rules. The OCA hopes the LCB does not pass the opportunity to significantly reduce the state's greenhouse emissions and protect our clean energy resources by adopting sustainable cannabis production practices.

Jeremy Moberg

Okanogan Cannabis Ass. President

www.okcannabis.com

509.322.4772

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 11:37 AM
To: 'Dana Libby'
Subject: RE: Comments RE: I-502 INITIAL DRAFT RULES (REV 05.16.2013)

Dana,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Dana Libby [<mailto:dana.libby@usw.salvationarmy.org>]
Sent: Thursday, May 16, 2013 5:20 PM
To: rules
Subject: Comments RE: I-502 INITIAL DRAFT RULES (REV 05.16.2013)

Good Afternoon,

The following comments are provided for your consideration:

1. None of these comments should be construed to constitute an endorsement of the passage of I-502, but rather constructive suggestions for harm reduction related to implementation.
- 2.
3. Occupancy - All locations for which a license application is submitted, must have current fire inspections, occupancy permits and final inspections for all tenant improvements or equipment related to production and/or sale activities.
- 4.
5. Infusion - The processing, handling, production, etc. of all food products, must be in compliance with all FDA, Department of Agriculture and Health Codes. All staff involved in such activities must possess a Food Handler's Permit and the facility must be inspected and maintained as a commercial kitchen or other regulated food production location.
- 6.
7. Air Quality - The processing, handling, production, transportation, destruction, etc. of marijuana must not result in the release of odors in violation of the Clean Air Act or related local ordinances.
- 8.
9. The following edits to the draft rules are recommended:

New Section. WAC 314-55-010 Definitions

Drug and Alcohol Free Housing – Housing provided under the scope described by RCW 59.18.550

Rehabilitation Center – A residential facility operated by a non-profit organization, providing programs designed for the purpose of assisting residents to overcome the adverse effects of drugs, alcohol or other addictive behaviors or substances. Such facilities may or may not be licensed as a medical facility or medical treatment model.

(a) Prior to initial license application, two ~~federal~~ or Washington state misdemeanor

convictions for the possession only of marijuana within the previous three

years may not be applicable to the criminal history points accumulated. All

criminal history must be reported on the personal/criminal history form.

i. Regardless of applicability, failure to disclose full criminal history will
result in point accumulation;

ii. State misdemeanor possession convictions accrued after December 6,
2013, exceeding the allowable amounts of marijuana, useable
marijuana, and marijuana infused products described in RCW 69.50
shall count towards criminal history point accumulation.

(b) Prior to initial license application, any single Washington state ~~or federal~~ conviction for the
growing, or possession, ~~or sale~~ of marijuana will be considered for mitigation on
an individual basis. Mitigation will be considered based on the quantity of
product involved and other circumstances surrounding the conviction.

(11) The board may not issue a new marijuana license if the proposed licensed business is within one thousand feet of the perimeter of the grounds of any of the following entities. The distance shall be measured as the shortest straight line

distance between the perimeters of the proposed licensed location and the entities listed below:

- (a) elementary or secondary school;
- (b) playground;
- (c) recreation center or facility;
- (d) child care center;
- (e) public park;
- (f) public transit center;
- (g) library; or
- (h) any game arcade (where admission is not restricted to persons age twenty-one or older).
- (i) any drug and alcohol free housing
- (j) any rehabilitation center

Thank you for considering these proposed revisions to the draft regulations.

Dana

Captain Dana S. Libby
The Salvation Army
Director, Seattle Social Services
811 Maynard Ave S
Seattle, WA 98134

Direct: 206-442-8378
Cell: 425-698-3728

dana.libby@usw.salvationarmy.org

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 11:34 AM
To: 'Ben Mead'
Subject: RE: Draft rules input

Ben,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Ben Mead [<mailto:bpmead@uw.edu>]
Sent: Thursday, May 16, 2013 5:16 PM
To: rules
Subject: Draft rules input

To whom it may concern:

I haven't had a chance to read through all of those proposed rules for the implementation of I-502 yet, but according to The Stranger's blog, they specifically prohibit the sale of hashish and hash oil. I just wanted to provide some feedback because I think this is a terrible misstep. Many medical patients prefer hash and other concentrates, as less material has to be ingested to achieve the same effect, making it an arguably healthier choice than marijuana. If concentrates are banned, I don't see how retail stores can hope to compete with the black market or the option many healthy people are choosing now, which is fraudulently exploiting the medical marijuana system in our state. Please consider changing this rule.

Thank you for your time.

Sincerely,
Ben Mead

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 11:33 AM
To: 'paul@lemson.com'
Subject: RE: [Proposed Rules] Indoor Marijuana Growing

Paul,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

-----Original Message-----

From: Washington State Liquor Control Board [<mailto:paul@lemson.com>]
Sent: Thursday, May 16, 2013 4:58 PM
To: rules
Subject: [Proposed Rules] Indoor Marijuana Growing

Paul Lemson sent a message using the contact form at <http://liq.wa.gov/contact>.

I read today that WSLCB is considering requiring marijuana to be grown indoors. Other states where marijuana is still not legal [sometimes in conjunction with the US government agency Federal Communications Commission (FCC)] have substantial experience with cases where this causes a problem which is quite contrary to the public interest. I wanted to make sure you are aware of it. In the US including WA state there are tens of thousands of FCC-licensed amateur radio operators who routinely provide emergency communications in the event of earthquakes, storms, floods, etc. when some commercial communications are interrupted and also for special events held by local entities. It is very well known by amateur radio operators and indoor marijuana growers that one grow operation employing electronic ballast (indoor lighting) equipment causes harmful interference to licensed amateur radio operations over a geographical area exceeding many thousands of feet. Even though such lighting equipment is not in compliance with FCC Rules, the distributors of this lighting equipment and users of this lighting equipment are well aware that they are causing harmful interference and frequently don't care. Today with indoor marijuana grow operations being unlawful, the problem is unfortunately already out of control. You can easily contact the FCC to confirm this. I have been working with the FCC to get my harmful interference case resolved for 6 months(!), and as of today it is still not resolved. The only practical suggestion I can make to WSLCB is to include a provision in the WSLCB Rules which requires an applicant to demonstrate they do not cause harmful interference to amateur radio operations. I have lots of information and experience about this issue and would be happy to assist WSLCB. Paul Lemson, Woodinville, WA 425-844-2588

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 11:29 AM
To: 'david morrell'
Subject: RE: Wonderful!

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: david morrell [<mailto:dtmorrell@gmail.com>]
Sent: Thursday, May 16, 2013 4:39 PM
To: rules
Subject: Wonderful!

It is just like getting a liquor license in the state of Texas. No performance bond??? Check with the state of Texas to see how their bond requirements work.

Good job so far.... :)

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 11:27 AM
To: 'Tanya Avner'
Subject: RE: Medical patient's thoughts on I-502

Tanya,

Legislation is required to make any changes to the medical marijuana industry. You should contact your state legislators with your concerns.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Tanya Avner [<mailto:tanya@jonav.net>]
Sent: Thursday, May 16, 2013 3:43 PM
To: rules
Subject: Medical patient's thoughts on I-502

To whom it may concern:

As a licensed medical marijuana user, I am quite concerned over learning that the state is considering eliminating this licensure status altogether as 502 comes together. Please do not take away our collective gardens which provide a clean and safe environment for quality-controlled medicine in various forms. It seems as though medical users will be "downgraded" otherwise and forced to obtain medicine in less than desirable locations, pay a tax on a prescription, and limit on-hand quantities which affects transportation needs. I would prefer to keep the licensure process and continue to divide those that need to medicate from simple recreational enjoyment.

Thank you very much,
Tanya Avner
425-785-4488
Bellevue WA

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 11:24 AM
To: 'Scott Howard'
Subject: RE: Draft Rules

RCW 69.50.331 contains the residency requirements. Legislation is required to change this requirement.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Scott Howard [<mailto:wscotthoward@gmail.com>]
Sent: Thursday, May 16, 2013 3:35 PM
To: rules
Subject: Draft Rules

I noticed that there is a residency requirement to apply for and/or obtain a license under I-502. If I am understanding this correctly it would prohibit me from opening a business in Washington because I live in Idaho?

I am opposed to the residency requirement provided all business is conducted in Washington.

W. Scott Howard

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 11:23 AM
To: 'Ryan Moore'
Subject: RE: Lot

Ryan,

A producer can harvest as many "lots" as they choose. Each "lot" is two pounds. There is no limit on the number of plants or "lots".

Karen

From: Ryan Moore [<mailto:ryan@coastal-funding.com>]
Sent: Thursday, May 16, 2013 3:31 PM
To: McCall, Karen J
Subject: Re: Lot

Hi Karen,

I need a little clarification on the producer rules. It appears that the number of plants a producer has no limit as far as a number count goes. The rule will be enforced by "lot". If I understand correctly a producer my only harvest 2 pounds of one genetic? I feel like I must be misunderstanding something because I know that 2 pound harvest isn't a business. Can you help me understand what I am missing about this rule?

Thank you,

Ryan Moore

Sent via iPhone5

On May 1, 2013, at 12:12 PM, "McCall, Karen J" <KJM@LIQ.WA.GOV> wrote:

The rules will address no licenses being approved at a location where law enforcement access, without notice or cause, is limited.

The board may approve a license, but if a person can't get a business license from the local jurisdiction they wouldn't be able to open the business. Zoning restrictions that an applicant should be discussing with local jurisdictions prior to applying for a license.

Karen

From: Ryan Moore [<mailto:ryan@coastal-funding.com>]
Sent: Wednesday, May 01, 2013 11:18 AM
To: McCall, Karen J
Subject: Re: Zoning

So production can happen in residential zoning?

Thank you,

Ryan Moore

Sent via iPhone5

On May 1, 2013, at 10:48 AM, "McCall, Karen J" <KJM@LIQ.WA.GOV> wrote:

Ryan,

The board has no authority over local zoning. That is a decision that will be made by local jurisdictions. Zoning is not something the board will consider when processing an application.

Karen

From: Ryan Moore [<mailto:ryan@coastal-funding.com>]

Sent: Monday, April 29, 2013 11:18 PM

To: McCall, Karen J

Subject: Zoning

Hi Karen,

I'm curious if there is anything in writing in regards to light industrial zoning for production? I'm trying to get permit from Whatcom County and they need me to bring something in writing that light industrial zoning allows production under I-502. They said they will follow Wa state law and as the law stands the only zoning they can permit for production is in agriculture zoning.

I'm sure if this isn't in writing currently that it will be when CR-102 is filed. If not this would be something that needs to be addressed. I would guess other then King County issuing special permits that almost the rest of the State will follow State zoning laws.

Let me know if there is something in writing I can bring to planning dept. thanks so much for your time!

Thank you,

Ryan Moore

Sent via iPhone5

Begin forwarded message:

From: Ryan Moore <ryan@coastal-funding.com>

Date: April 11, 2013, 9:50:46 AM PDT

To: "McCall, Karen J" <KJM@LIQ.WA.GOV>

Subject: Re: Timeline

Hi Karen,

I was curious if the current timeline for producer rules are still on schedule? The current timeline states that mid April CR 102 will

be filed and early June applications will begin being accepted. Is this still on schedule or Is it looking like more time will be needed?

Thank you,

Ryan Moore

Sent via iPhone5

On Mar 28, 2013, at 12:36 PM, "McCall, Karen J" <KJM@LIQ.WA.GOV> wrote:

Ryan,

The initiative doesn't state how the 1000 feet is measured. The board will be doing that by rule and the rules aren't drafted yet.

Karen

-----Original Message-----

From: Ryan Moore [<mailto:ryan@coastal-funding.com>]

Sent: Thursday, March 28, 2013 12:33 PM

To: McCall, Karen J

Subject: Re: Timeline

Isn't the 1000' rule part of the initiative? I just wasn't clear on how

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 11:14 AM
To: 'Carol Huddleston'
Subject: RE: Initial Draft Rules Suggestion

Carol,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

-----Original Message-----

From: Carol Huddleston [<mailto:fatalmoon@comcast.net>]
Sent: Thursday, May 16, 2013 3:21 PM
To: rules
Subject: Initial Draft Rules Suggestion

Hello, I have a suggestion for the Draft Rules regarding section: WAC 314-55-105 Packaging and labeling requirements.

- 1) The label looks fine to me, however I believe that all marijuana products should state the strain type, i.e. Sativa, Indica, or Hybrid (with x/x percentage) when known. I *always* ask for the strain type when I buy, and I will not buy a product unless I know this beforehand.
- 2) Also, I'm sure some of you have visited the medical dispensaries and seen how they display their product, often in glass jars with a lighted magnifying glass for further inspection by the customer. As long as it is handled properly with gloves, tweezers, etc., I believe that the product should be able to be opened and inspected (for example, employee opens a "demo" jar and displays it to the customer by holding it under a lighted magnifying glass for inspection). There is no way I am going to buy something sight unseen unless I am *positive* of the quality.
- 3) Also, I have to object to the section in WAC 314-55-079 that does not allow hash, hash oil, etc. to be sold in retail stores. I don't understand how hash is not considered marijuana (??) and I would think hash oil would be considered an extract. I personally do not use these products, but I know that they can be ingested using a vaporizer, similar to marijuana flowers, so what exactly is the difference?
- 4) In addition, banning hash and hash oil is kind of like saying, "you can have beer but not whiskey." Not fair! I don't use this stuff myself, but I think you are going to continue to have a healthy black market or people trying to game the medical system if you follow through with this. Also, if people do not have access to this type of marijuana, then the amount of flowers that those people ingest might be much higher. I hope Mr. Kleiman is figuring this into his equations!

Thanks very much for allowing public comments and for all your hard work!

Carol Huddleston
fatalmoon@comcast.net

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 11:10 AM
To: 'David Comeau'
Subject: RE: 1-502 regs

Dave,

The initial draft proposed rules does not include a limit on the number of plants. At this time the board does not plan to limit the number of plants but they will consider comments from stakeholders on the initial draft proposed rules prior to making a final decision.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

-----Original Message-----

From: David Comeau [<mailto:d.comeau@comcast.net>]
Sent: Thursday, May 16, 2013 3:15 PM
To: rules
Subject: 1-502 regs

Hello,

After reading through the draft regulations, I didn't see a plant limit per location for the producer license. Will there be no limit to the number of plants a single location can grow?

Regards,

Dave comeau
360.731.6611

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 11:07 AM
To: 'Baldbrothers Distillery'
Subject: RE: marijuana license residency requirement

Steve and Jason,

The law was written differently for liquor and marijuana. Laws can only be changed through legislation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Baldbrothers Distillery [<mailto:baldbrothers420@gmail.com>]
Sent: Thursday, May 16, 2013 3:03 PM
To: rules
Subject: marijuana license residency requirement

We couldn't help but notice that WSLCB's residency requirement for a liquor license "...does not apply if you are applying as a part of a corporation or a limited liability company that is registered with the Washington Secretary of State's office."

Why are you treating marijuana licenses differently? It seems to us to be arbitrary and capricious.

--

Jason & Steve
(360) 797-5516
baldbrothers.co

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 11:06 AM
To: 'Baldbrothers Distillery'
Subject: RE: I-502 Initial Draft Rules Feedback

Jason and Steve,

The only option to change this requirement is legislation. Laws can only be changed through legislation. Rules cannot contradict the law.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Baldbrothers Distillery [<mailto:baldbrothers420@gmail.com>]
Sent: Thursday, May 16, 2013 2:49 PM
To: rules
Subject: I-502 Initial Draft Rules Feedback

"Per RCW 69.50.331 (1)(b), all applicants applying for a marijuana license must have resided in the state of Washington for at least three months prior to application for a marijuana license."

We could not disagree with this more strongly. As long as the company is registered with the state of Washington, and the appropriate taxes are paid to the state, why should it matter if the owners/operators of said company are residents of the state?

--

Jason & Steve
(360) 797-5516
baldbrothers.co

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 11:03 AM
To: 'Greg Richards'
Subject: RE: rules

Greg,

The initiative created RCW 69.50.331(8) prohibiting the board from issuing a marijuana license within 1000 feet from several locations, including a park. The board cannot act in conflict of the law.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Greg Richards [<mailto:richards.greg@gmail.com>]
Sent: Thursday, May 16, 2013 2:28 PM
To: rules
Subject: rules

Hello-

Very good description of the process involved along with the proposed rules on the new marijuana laws for producers, processors and retailers. I have a very secure, concrete building located in Georgetown identified as a possible grow or processing plant. The one regulation that caught my eye was being within 1000 feet of a park. Ruby Chow Park in Georgetown is within 1000 feet of this building, although you couldn't really see or certainly not access the building from the park. Does this automatically prohibit me from getting a growing or processing license for use in this industrial building facility? It seems like an idea location in all other aspects, specifically not high residential, no schools or children in the area, secure enclosed building, within city of Seattle but in a fairly remote location. There aren't many buildings in the city limits that would work as well.

Thanks,

Greg Richards

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 10:48 AM
To: 'Mat Thompson'
Subject: RE: FW: Plant limits for producers

Mat,

The initial draft proposed rules d not include a limit on the number of plants. At this time the board does not plan to limit the number of plants but they will consider comments from stakeholders on the initial draft proposed rules prior to making a final decision.

Karen

From: Mat Thompson [<mailto:mathewthompson1980@gmail.com>]
Sent: Thursday, May 16, 2013 2:14 PM
To: McCall, Karen J
Subject: Re: FW: Plant limits for producers

Hi Karen. I read the draft and saw nothing on plant limits. I would like to move forward with business planning and wanted to double check that there are currently no intentions to limit quantity of plants. Thanks.

On Wed, Apr 3, 2013 at 1:37 PM, McCall, Karen J <KJM@liq.wa.gov> wrote:
The board has not made any decision on whether or not to limit the number of plants. Thank you for your comments on our marijuana producer license and regulations. They will be considered as we draft rules to implement I-502. To ensure you receive updates on I-502 implementation and public meetings go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
[360-664-1631](tel:360-664-1631)

-----Original Message-----

From: Mat Thompson [<mailto:mathewthompson1980@gmail.com>]
Sent: Saturday, March 30, 2013 9:45 PM
To: rules
Subject: Plant limits for producers

What plant limit is the Liquor Commission leaning towards placing on producers. I feel it should be very low. I would appreciate any insight you could give me as it would help me plan. I'm assuming the limits would be around 50 plants or less.

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 10:44 AM
To: 'Madison Jeremy'
Subject: RE: WSLCB rules inquiry

Jeremy,

The initial draft proposed rules state "The board will not approve any marijuana license for a location where law enforcement access, without notice or cause, is limited." This would include a person's personal home or property. The local jurisdiction may require a location to be zone commercial. You will need to check with the local jurisdiction to get that answer. If the rulemaking goes as planned the board should adopt the rules the end of July and they would become effective August 31, 2013. The board would begin accepting applications on September 1, 2013, for 30 days thereafter.

Karen McCall

Rules Coordinator

360-664-1631

From: Madison Jeremy [<mailto:el59camino@yahoo.com>]
Sent: Thursday, May 16, 2013 2:10 PM
To: rules
Subject: WSLCB rules inquiry

Hello,

My question is regarding the producer license. Does the property, in which you use for production, have to be zoned commercial? or can private land be used as long as the qualifications listed are met.
When is the effective date (30day window) for the producer license application?

Thanks in advance,
Jeremy

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 10:36 AM
To: 'Pat Dullanty'
Subject: RE: hi, great job. there will be a horrible bottleneck with testing thanks

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Pat Dullanty [<mailto:pdullanty@gmail.com>]
Sent: Thursday, May 16, 2013 1:44 PM
To: rules
Subject: hi, great job. there will be a horrible bottleneck with testing thanks

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 10:35 AM
To: 'Andy Russell'
Subject: RE: Maximum Potency

Andy,

Thank you for your comments on I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Andy Russell [<mailto:andyrussell17@yahoo.com>]
Sent: Thursday, May 16, 2013 1:36 PM
To: rules
Subject: Maximum Potency

Hi, I believe the maximum number of servings in a single marijuana-infused product should be at least 1000 milligrams, rather than 100 milligrams. 0.1 gram of marijuana will have no effect.

Thanks,
Andy

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 10:34 AM
To: 'Daniel Ronyak'
Subject: RE: 502 suggestions

Dan,

Thank you for your comments on I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Daniel Ronyak [<mailto:ronyakd@ohsu.edu>]
Sent: Thursday, May 16, 2013 1:36 PM
To: rules
Subject: 502 suggestions

Greetings,

After initial review, the items involving the location of dispensary may need to be adjusted to include 1000 feet from highways, or at the very least, a warning about "second hand contact danger" to cars with the windows open. I'm sure you're expecting this list of locations to grow. Consultation with Highway Safety might be a good start. We can imagine traffic inching along and a favorable wind providing little recourse for someone driving a convertible. Also, the penalties appear lower than acceptable to make immediate change to an establishment's "policy". Rather you might choose to penalize by "percent equal to point zero five percent of yearly tax payments". Thereby, the penalty directly increases with the amount of money earned by the business. We can imagine a very lucrative location repeatedly breaking the law, risking further penalty because a "set dollar amount penalty" simply doesn't make a difference to the net profit realized by breaking the rules. Further, careful consideration of the way the "schedules of penalty" bring revenue to the state, at a pace that does not prevent the impertinent behavior, starts to sound like the old "police radar trap" where municipalities make out like bandits. Let's avoid that. All penalties are assigned as an equivalence ratio to a proportion of taxes paid/operating income. (not to exceed blah blah blah in a calendar year without further increase blah blah blah).

I'll send more input as I read more carefully through.

Cheers,
Dan R.

-opinions expressed are all my own, not pertaining to my place of work

Daniel Ronyak | Accounting Specialist | Ph: 503.418.3765 | ronyakd@ohsu.edu
Department of Comparative Medicine | Fax: 503.494.4338 attn: Dan



McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 10:31 AM
To: 'JAMES BUTCHER'
Subject: RE: Home growing cannabis by medical marijuana patient

Thank you for your comments on I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

-----Original Message-----

From: JAMES BUTCHER [<mailto:sonics98@msn.com>]
Sent: Thursday, May 16, 2013 8:35 AM
To: rules
Subject: Home growing cannabis by medical marijuana patient

I live next door (about 50 feet between our houses) to a home growing operation. They started growing in late 2012. The problem I have is the strong odor (skunk) smell, that forces me to close all my windows at times. I live in a residential area where the homes are close together. During warm weather this is a big problem and my grand kids do not come over. That means I can't sit outside and enjoy the weather. I don't see that there is any monitoring or controls by authorities for any abuse that home grower might do, such as how many plants they grow and the growing process. I hope that home growing of marijuana in residential area comes to a stop and marijuana patients can buy their marijuana at a control retailer.

Sent from my iPad

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 10:30 AM
To: 'Kathy Kruse'
Subject: RE: input for official draft rules for initiative 502 implementation

Kathy,

Thank you for your comments on I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Kathy Kruse [<mailto:00kruse@gmail.com>]
Sent: Thursday, May 16, 2013 6:57 AM
To: rules
Subject: input for official draft rules for initiative 502 implementation

Considering that the majority of land designated by the city as suitable sites for marijuana growing, processing or distributing is located in the commercial industrial area along the Duwamish River, how does the city plan to enforce the setback requirements for these areas that fall within a 1,000 ft of proposed parks? In particular the linear park along the Duwamish River which would include bicycle and trail improvements.

In addition, how does the city plan to address properties owned by the Parks Department that are not used as parks and are unsuitable for development or public gathering areas because of steep slope?

If the setbacks are enforced in these IGU 2/85 areas, it would appear that more than 50% of potential growing/retail sites would not meet the zoning requirements. If the city's goal is to benefit from future revenues generated by the marijuana industry and these setbacks are enforced, the city will lose large portion of revenue.

It is my opinion that properties zoned IGU 2/85 be exempt from the current setback requirements and that properties owned by the Parks Department that are not suitable for development not be classified as parks.

Thank you for your consideration.

Kathy Kruse

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 10:29 AM
To: 'dneal88393@comcast.net'
Subject: RE: Rules

Dean,

Thank you for your comments on I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: dneal88393@comcast.net [mailto:dneal88393@comcast.net]
Sent: Thursday, May 16, 2013 1:37 AM
To: rules
Subject: Rules

1. Out of State concerns are no more our problem than reaping the rewards. Let me explain by saying tourism will go nuts and other citizens will come here from other states and that's their decision. Cannabis cannot leave by plane with good radar and mandatory flight plan looking out for it sure the local FCC could assist with that. So we are talking about just Oregon, Idaho, and Canada, legal citizens that have as much freedom in our state as they want when it comes to Cannabis as long as IT STAYS OUT OF THE UNDER 21 MARKET. That is what this Initiative is all about, to let adults be adults and get the high school kids out of the pot business. Oregon and Idaho will have to adjust to the times but if their citizens want to come here and enjoy our liberties then that's ok by me. Growers have to keep good records that match sells of where they distribute their product (for recall purposes anyways) so $A + B = C$. That being the case, what you are really looking for is illegal growers that we currently have now because they will have the only source of product that would be unaccounted for. We have that problem and so does Oregon and Idaho so let's keep our eye on the ball is all I'm saying, if the state Cannabis Growers grow and sell what they grow to state retail and records can account then I'm not sure what the issue is.

2. Youth problem, you already have, you can't count it twice. lol

3. Safety should be handled with good labeling requirements and lab testing certificates. I know a company in Seattle called Analytical 360 labs and they would be happy to pre-register products for retail.

I don't feel comfortable with "tightly regulated" controlled was enough. It shows you will be willing to work with the system and make changes where needed. The Cannabis market is there for the taking and this means both parties will have to trust in each other and because of the history of marijuana I think that Washington State should make the first gesture, remember this market has been in place for a long time. How serious are you about making this work? I will see tomorrow.

Dean Neal
31st District, Pierce County Washington State

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 10:27 AM
To: 'Glenn Prosser'
Subject: RE: marijuana rules

Glenn,

Thank you for your comments on I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Glenn Prosser [mailto:glenn_prosser@hotmail.com]
Sent: Tuesday, May 14, 2013 5:44 PM
To: rules
Subject: marijuana rules

Hello,

It seems that you are concerned with illegal activities from growers and sellers. Everyone that I have talked to wants this to go ahead smoothly. As a result they want to keep everything legal. They see this as a great opportunity. They don't want to mess it up. That being said, there is and will always be those that try to go around the law. No matter what you do there will always be some of that. You have to focus on the majority. If the rules are to extreme and to cumbersome, that will also create problems as they will be difficult to follow.

The thing I worry about is the mega corps coming in and taking over. I already hear of big plans. I hope that the license fees will allow the small guy to prosper. May be different fees, for different amounts. Under 100 plants and over 1000.

I also think the shops should be allowed in tourist areas. That would definitely bring in revenue, not only for the shops but for the surrounding businesses. There should be a provision, that as states legalize marijuana, interstate commerce should be allowed to the states that are legal. I believe that in a few years it will be legal through out the country. Opening up fantastic distribution opportunities. Creating many jobs, and income, and tax revenue. We will already have growers ready to sell to them.

Thanks\Glenn Prosser

Glenn_prosser@hotmail.com

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 10:25 AM
To: 'Douglas, Pete'
Subject: RE: WSLCB to Release Initial Draft Rules (INPUT)

Pete,

Thank you for your comments on I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Douglas, Pete [<mailto:pete.douglas@Stemilt.com>]
Sent: Wednesday, May 15, 2013 12:03 PM
To: rules
Cc: Douglas, Pete
Subject: FW: WSLCB to Release Initial Draft Rules (INPUT)

Good Afternoon,

I wanted to provide just a little input as I intend to apply for a licenses to grow with the LCB. Although not a user of the product, I am a longtime farmer in Eastern Washington and I strongly believe the growing of marijuana should be regulated to current successful farmers. I currently grow 200 acres of apples and cherries. I have the infrastructure in place, year around workers, housing for workers, equipment onsite and available open land. I own a packing facility with an in house accounting department to handle all necessary paperwork, procedures, ect.

I also have the financial means to build the necessary secure state regulated infrastructure onsite.

My orchards have been SQF certified for the past 4 years, meaning we have full traceability of my product from the farm level to the stores, already set with the state of Washington, which are audited on an annual basis. All Audits are available upon request.

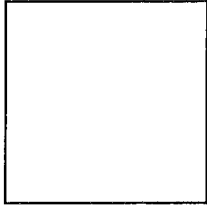
In my opinion, given the large investment already in place, to grow products for the fresh market, that farmers currently have, I believe this is where the state should start in granting licensees, to produce a safe, secure, product, in a transparent business environment.

If anyone would like to discuss my business or operations in further depth, I am available via phone or email.

Sincerely

Pete Douglas
Douglas Fruit Co
110 Taylor Flats Rd
Pasco, WA 99301
509-547-2727

From: WSLCB [<mailto:rmc@LIQ.WA.GOV>]
Sent: Tuesday, May 14, 2013 4:18 PM
To: LCB-1502@LISTSERV.WA.GOV
Subject: WSLCB to Release Initial Draft Rules



Dear Listserv Subscribers,

Heads Up: Initial Draft Rules Coming Soon

On Thursday, the Liquor Control Board (LCB) is expected to issue the initial draft rules for Initiative 502 implementation via this Listserv. The LCB is issuing these draft rules in order to receive your input prior to filing the "official draft rules" in mid-June.

The mid-June filing of draft rules begins the state process of formal rule-making which includes filing the rules with the state Code Reviser's Office, holding a public hearing and issuing scheduled implementation dates. Once an agency files a CR 102, it's difficult to revise the draft rules without re-starting the process. That's why the LCB is vetting these initial rules with you now.

The rules scheduled for release on Thursday reflect the agency's initial thinking on what Washington's system of marijuana growing, processing and retailing will look like.

These initial draft rules reflect the Board's stated goal of developing a tightly regulated and controlled market. The Board is concerned with out-of-state diversion of product, traceability of products, responsible business practices, youth access and other public and consumer safety issues. The initial rules will reflect that view.

Seeking Input: Please provide by June 10, 2013

The LCB wants your input. Just like any initial draft, the draft rules will benefit from your suggested changes, alternatives, tweaks, etc. This is your opportunity to provide input.

The best way to contact the LCB is via email at rules@liq.wa.gov

Alternatively, you may provide input via the below channels.

Mail

Rules Coordinator
Liquor Control Board
P.O. Box 43080
Olympia, WA 98504-3080

By Fax

360-664-9689

Again, look for the initial draft rules on Thursday. They will also be posted on the LCB website at www.liq.wa.gov.
Thanks.

###

To unsubscribe from the LCB-I502 list, click the following link:
<http://listserv.wa.gov/cgi-bin/wa?SUBED1=LCB-I502&A=1>

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McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, May 21, 2013 12:44 PM
To: 'Naz Victoria'
Subject: RE: Comments

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Naz Victoria [<mailto:nvictoria@comcast.net>]
Sent: Tuesday, May 21, 2013 12:20 PM
To: rules
Subject: Comments

WAC 314-55-015 (11)

I understand that you may want to ban the RETAIL Marijuana licensees from consumption of marijuana or marijuana-infused products on the licensed premises, but, it makes no sense to ban the consumption of marijuana or marijuana-infused products on the PRODUCER or PROCESSOR licensees' premises.

A producer will find it necessary to try his/her product at different stages of the curing process to see how it tastes, smokes, and how the product affects himself/herself. Furthermore, the producer will want the processor to try his/her wares at the time of sale.

As a processor, the first step is purchasing product to process. There is no way a processor would know what the product is like without consuming the product. That initial step for the processor would most likely take place at the producer's facility. Also, the processor would have the need to consume the product on his/her premises for the education of his sales staff on the attributes of his/her product. Finally, the processor will need to sell his/her product to a retailer. The logical place for the retailer to test the product would be at the processor's facility.

In conclusion, the PRODUCER and the PROCESSOR have a business NEED to be able to consume marijuana or marijuana-infused products on their premises. Otherwise, neither licensee would have the ability to do business in an efficient manner.

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 5:15 PM
To: 'James'
Subject: RE: Producer/Processor license

James,

You would only pay 25% tax on sales to retailers.

Karen

From: James [<mailto:james.hurliman@gmail.com>]
Sent: Monday, May 20, 2013 4:02 PM
To: McCall, Karen J
Subject: Re: Producer/Processor license

I understand the taxes if you sell to another a different company, but if I were a producer/processor would I have to pay any taxes if I processed my own products?

Sent from my iPhone

On May 20, 2013, at 3:25 PM, "McCall, Karen J" <KJM@LIQ.WA.GOV> wrote:

James,

A marijuana producer/processors must pay to the board a marijuana excise tax of twenty-five percent of the selling price on each wholesale sale to another processor (sales from producer to processor), and twenty-five percent of the selling price on each wholesale sale to a retailer (sales from processor to retailer).

There is a 25% tax from the producer to another producer or processor, and 25% tax from the processor to a retailer.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: James Hurliman [<mailto:james.hurliman@gmail.com>]
Sent: Saturday, May 18, 2013 9:53 AM
To: rules
Subject: Producer/Processor license

It's implied in WAC 314-55-089 (4)(a) that no taxes are to be paid on marijuana that's produced and processed by the same company by the language "A marijuana producer/processors [sic] must pay to the board a marijuana excise tax of twenty-five percent of the selling price on each wholesale sale to *another* processor (sales from producer to processor)..." (italics added by me).

Therefore the only taxes to be paid by the producer/processor would be the sale to the retailer, correct?

Thanks,
-James Hurliman

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 5:13 PM
To: 'L'
Subject: RE: I-502 Consultant for the Public - are there rules?

Laura,

No, there is nothing in the initiative that addresses this function. The board has no authority in this area.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: L [<mailto:jetcitypink@yahoo.com>]
Sent: Monday, May 20, 2013 4:22 PM
To: rules
Subject: I-502 Consultant for the Public - are there rules?

Hi there,

Are there rules or laws being prepared for someone interested in performing a function for the public as a Cannabis consultant? Someone that can work with persons not familiar with the different strains and how these different strains might be helpful for consumption?

Thank you,

Laura

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 5:08 PM
To: 'John Cornelison'
Subject: RE: No hash?

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

-----Original Message-----

From: John Cornelison [<mailto:j@vashonsoftware.com>]
Sent: Friday, May 17, 2013 3:58 AM
To: rules
Subject: No hash?

I'm wondering if hash might be healthier since a smoker might ingest less carbon and smoke. An infrequent user back in the day, I still liked hash as an option and for the flavor.

Otherwise rules made sense to me.

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 5:08 PM
To: 'Roman Bezlepkin'
Subject: RE: I-502, Records keeping software

Roman,

The board will designate the traceability system to be used by licensees.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Roman Bezlepkin [<mailto:crypton@crypton-technologies.net>]
Sent: Thursday, May 16, 2013 2:07 PM
To: rules
Subject: RE: I-502, Records keeping software

Hello,

We are a small startup in Seattle. After reviewing the draft, it seems that the board will ultimately decide a records keeping format or a system to use. We have been developing an in-house software system already since January and were waiting for these to be finalized (we halted development in the mean time). We would like to clarify exactly if we should drop all development or if LCB is going to license or approve software for use by businesses.

Thanks!

--

| Roman Bezlepkin | <http://crypton-technologies.net>

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 5:05 PM
To: 'AC Braddock'
Subject: RE: Solvents and Compressed Gas Section Suggestions

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: acbraddock44@gmail.com [<mailto:acbraddock44@gmail.com>] **On Behalf Of** AC Braddock
Sent: Thursday, May 16, 2013 10:48 PM
To: rules; Steenhout, Michael L
Subject: Solvents and Compressed Gas Section Suggestions

Dear WSLCB,

Three suggestions regarding changes in the draft of I-502;

Section WAC 314-55-104

1) **Having the board be in control of approving professional closed loop systems.** This would probably best be left to the regulatory bodies who already have established parameters for workplace safety such as local fire codes, State Labor and Industries, OSHA, and environmental laws.

2) **All producers using solvents or compressed gases must work in a spark free environment.** Co2 should be exempted from this as it is not flammable. This solvent is growing in popularity in multiple consumables markets. Europe has outlawed most other gases in the extraction of consumables for human use and promotes the use of Co2. It makes sense in this application to promote its use, as It is in the best interests of the producers to work with, and the public to consume, products made from this nontoxic, sanitizing and sustainable solvent. This would make it possible for business's to be able to legally produce extracts made from gas, which is a huge trend currently. It would be impossible to keep producers from giving the public what they demand. Spark free rooms are prohibitively expensive for a small business. This ruling would likely push all extracts made from gases firmly into the black market. Closed loop Co2 extraction systems would give the market a platform to legally comply. A ruling that would be very appropriate would be to require that all compressed gas systems be rated to a minimum of 900psi.

Section WAC 314-55-097

Remove Plastics as an option for creating a non-consumable waste product. It can't be composted or recycled.

Feel free to contact us with any questions regarding the use of high pressure compressed gas systems and general solvent extractions, their uses and safety issues.

A.C. Braddock
CEO Eden Labs LLC
www.edenlabs.com

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McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 5:04 PM
To: 'mishaw09@aol.com'
Subject: FW: [Proposed Rules] Marijuanna Sales/legalization

Misha,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

-----Original Message-----

From: Washington State Liquor Control Board [<mailto:mishaw09@aol.com>]
Sent: Friday, May 17, 2013 7:50 AM
To: rules
Subject: [Proposed Rules] Marijuanna Sales/legalization

Misha W sent a message using the contact form at <http://lcb.wa.gov/contact>.

I am Outraged that the WA State LCB is even considering people with a criminal history being allowed to obtain licenses to "legally" distribute pot in our state! I live on Capitol Hill in Seattle and I have been watching the organized crime that runs several of the "Medical" marijuana dispensaries - where drugs Other than Pot are clearly being sold. I have been told by acquaintances that even before the vote to "legalize" pot these particular dispensaries were breaking the law, Now they are getting ready to become bigger gangsters and they are clearly thugs. It has become increasingly dangerous to walk down 15th Ave East at night - and unfortunately I work the swing shift at GHC Central Hospital and need to do jsut that. If "Life Vine"

and others like it are allowed to become regular dispensaries or if more open with the backing of out of state Gang Leaders (as is quite obvious from only a few minutes watching several such establishments) Seattle will be like Las Vegas in the '40s - a haven for organized crime and a hot bed of murder and violence. We will be the next New Orleans in terms of murder rates & random street shootings of bystanders.

Stop The Madness! Just because the voters of this state have no sense does not mean government needs to take leave of its senses. Do Not Allow Criminals from any state to operate businesses largely supplied by out of state criminal gangs to become "licensed" in our state!

sincerely,
Misha W, voter, organizer

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 5:01 PM
To: 'Mark Botello'
Subject: RE:

Mark,

The initial draft proposed rules can be found on our website at www.liq.wa.gov.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Mark Botello [<mailto:mark@cityofcashmere.org>]
Sent: Friday, May 17, 2013 8:55 AM
To: rules
Subject:

Hello

Could you send me copies of the proposed rules for marijuana Consumption requirements , retail requirements and processor requirements.


Thanks



Mark Botello
Director of Planning & Building
City of Cashmere
101 Woodring Street
Cashmere, WA. 98815
509/ 782-3513
Fax: 509/782-2840
E-mail: Mark@cityofcashmere.org

www.cityofcashmere.org

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 **Please print only if necessary**

_____ Information from ESET NOD32 Antivirus, version of virus signature database 8344 (20130517)

The message was checked by ESET NOD32 Antivirus.

<http://www.eset.com>

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 4:55 PM
To: 'FARIAS, ALBERTO'
Subject: RE: Proposed Recreational Marijuana Rules

Alberto,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: FARIAS, ALBERTO [<mailto:ALBERTO.FARIAS@CBP.DHS.GOV>]
Sent: Friday, May 17, 2013 9:46 AM
To: rules
Subject: Proposed Recreational Marijuana Rules

I propose that retail packages of marijuana be required to carry the following label: "THIS PRODUCT VIOLATES FEDERAL LAW."

Thank you,
Alberto Farias
3921 45th Ave. NE
Tacoma, WA. 98422

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 4:54 PM
To: 'john dickinson'
Subject: RE: WSLCB Releases Initial Draft Rules

John,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: john dickinson [<mailto:jrdickinson@yahoo.com>]
Sent: Friday, May 17, 2013 10:38 AM
To: Carpenter, Mikhail; rules
Subject: Re: WSLCB Releases Initial Draft Rules

Note: Sharon and Ruth Ann,

I want to personally thank you for appearing and speaking at the rally. I don't know how you found the energy and time to appear after all the miles and effort you have made getting this off the ground. Thanks. And, Sharon, I was in charge of timekeeping, and was watching you closely. (^~;

I only found two needed corrections to your draft after reading it. Praise be to the editors of this document.

314.55.089

(5) A marijuana processor..., should read A marijuana RETAILER ...

314.55.104

(6) ... or residual ... might read OF residual...

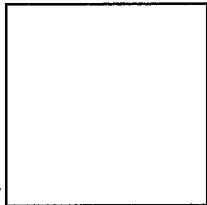
Thanks again for all your work.

I remain sincerely yours,

John Dickinson

=access Since 1991
"Be the change that you want
to see in the world."
M. K. Gandhi

From: WSLCB <rmc@LIQ.WA.GOV>
To: LCB-I502@LISTSERV.WA.GOV
Sent: Thursday, May 16, 2013 1:08 PM
Subject: WSLCB Releases Initial Draft Rules



Initiative 502 Initial Draft Rules

The Liquor Control Board (LCB) is pleased to release the initial draft rules for I-502 implementation. These rules reflect the Board's stated goal of developing a tightly regulated and controlled market, and also demonstrate the agency's initial thinking on what Washington's system of growing, processing and retailing will look like. The Board is concerned with out-of-state diversion of product, traceability of products, responsible business practices, youth access and other public and consumer safety issues.

By releasing these initial draft rules before filing the formal draft rules the LCB can solicit public comment before starting the official draft rule process in mid-June. Vetting these rules with our stakeholders allows us to adapt and improve them. These draft rules will benefit from your changes, alternatives and adjustments so please review closely and send your suggestions to the below contact points no later than **June 10, 2013**.

[Download Initial Draft Rules](#)

The best way to provide your input is via email at: rules@liq.wa.gov

Alternatively

Mail

Rules Coordinator
Liquor Control Board
P.O. Box 43080
Olympia, WA 98504-3080

Fax

360-664-9689

As always, visit our website for updates and further information. Thank you for your continued interest in I-502 implementation

To unsubscribe from the LCB-I502 list, click the following link:
<http://listserv.wa.gov/cgi-bin/wa?SUBED1=LCB-I502&A=1>

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 4:51 PM
To: 'Christopher Emerson'
Subject: RE: Consumption of Marijuana at Alcohol Establishments

Christopher,

Thank you for your comments on our rulemaking to prohibit marijuana consumption in liquor licensed premises. Your comments will be shared with the board and become part of the permanent rulemaking file.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Christopher Emerson [<mailto:chrismemerson@hotmail.com>]
Sent: Friday, May 17, 2013 11:00 AM
To: rules
Subject: Consumption of Marijuana at Alcohol Establishments

Hello again,

Firstly, thank you for your thoughtful service to the public. I would like to address the upcoming new regulations regarding marijuana consumption and an establishment that also serves alcohol. It is clear that according to the new law it is illegal to consume marijuana in any form in view of the general public as you have stated. This does not mean that the consumption of marijuana is illegal when it is out of view from the general public. When we voted on the law there was an understanding that if marijuana was consumed away from view of the general public that it was indeed legal and allowable. I think it is vital to allow people to consume marijuana in a safe and secure location as opposed to what has been happening, consuming marijuana in alley ways and "speakeasy's."

What needs to be done is clarifying what the law means when it says "view of the general public." If an establishment is open only to people that are over 21 does this count as the "general public." Some would say no because it is already restricting a large number of the population. I think something that is more realistic may be something along the line of requiring people to sign some sort of agreement stating closely to what is proposed in the new marijuana draft rules Section 314-55-105 (7b-e). If people know that there is potentially a risk with the consumption of marijuana I believe that this will help alleviate some of the safety concerns you and others may have. I did not include 7a in the warnings because smoking is prohibited in Washington State. That could be switched to say vaporizing instead.

Further these are very important, influential, and far reaching decisions we are making here. It is vital that they be based on evidence, what little we have. It is true that consuming marijuana and alcohol at the same time does influence the ability to drive. But just because there is marijuana available does not mean that a person will consume the same amount of alcohol. Often those that consume marijuana will consume less alcohol. So we may actually find that establishments that allow both marijuana and alcohol have a reduction in impaired driving. Something to think about.

Thank you,

Christopher Emerson

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 4:49 PM
To: 'CenturyLink Customer'
Subject: RE: rules

Ernest,

Initiative 502 directed the board to adopt rules by December 1, 2013. Colorado has not started their rules. I was told by Colorado staff that they will be starting emergency rulemaking in the next few weeks.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: CenturyLink Customer [<mailto:weeta1@centurylink.net>]
Sent: Friday, May 17, 2013 11:01 AM
To: rules
Subject: rules

Hello my Good Friends;

I am honored that you are interested in my opinion. I am somewhat disappointed that you are some 7 months behind Colorado who has its marijuana legal and ready to purchase without further ado. Why? Dont they have the same requirements as you do. I dont want to appear anxious, but 7 months is way behind Colorado.

Ernest Tramil
Weeta1@centurytel.net

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 4:42 PM
To: 'Stephanie Dickey'
Subject: RE: Marijauna Rules Comments

Stephanie,

Initiative 502 does not allow retailers of recreational marijuana to sell extracts which includes hash and hash oil. Medical marijuana dispensaries are not affected by the initiative so they will continue to sell hash and hash oil.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Stephanie Dickey [<mailto:indigloholisticmassage@gmail.com>]
Sent: Saturday, May 18, 2013 6:55 AM
To: rules
Subject: Marijauna Rules Comments

Good Morning , I am pretty new to this. A citizen that pays her taxes and watches her rights. My husband only recently started using medical marijuana. He uses a pen that is vapor and not smoke and had no smell or weird side effects. He is managing a chronic pain condition after almost dying 4 years ago and with the new laws finally thought that maybe he could try this as a legit way to manage his pain and stay off or on a low dose of pain meds so he can take care of his body in a better manner. It is working. My main concern is you limit on what is called Hash or the liquid versions of marijuana /cannabis being restricted. This I believe is what is in the pen. It is a metered dose as opposed to a random toke and also it is not one that gives you all those weird side effects. I believe by defining the law to not include tincture, liquid and what essential oil or rosin like substance : hash you are doing the wrong thing. This could cause problems for the sellers trying to help people with medical use problems. I also believe it is encouraging the users to smoke it more and limiting their choice in how they would like to use it and I think that is wrong too as smoking is well documented in irritating the lungs and other things and there are safer ways in which people may want to choose besides smoking it. So as I said I am new at this. One of those middle class , never used before yuppies who supports the right and freedom for our state to sell, use and grow this substance for both recreational use and medical use. I would like you to look at your definition of what is allowable to sell and redefine those terms to include the use of liquid forms. More clarity is needed there. Thank you

--

Stephanie Dickey, LMP
IndiGlo Holistic Massage
360-643-0092
indigloholisticmassage@gmail.com
www.indigloholisticmassage.com

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 4:37 PM
To: 'Jon Freeberg'
Subject: RE: Question

Jon,

You are correct. There is no limitation on crop sizes. A producer is allowed to produce as many lots they choose.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Jon Freeberg [<mailto:whywork@rocketmail.com>]
Sent: Friday, May 17, 2013 11:47 AM
To: rules
Subject: Question

Greetings,

I'm sure the board will be receiving complaints about everything under the sun but I am going to applaud the board for putting out a well considered draft.

My question is about crop size limits for producers. I assume there are no limitations on crop size because it is not addressed in the draft. I understand "lots" are to be relatively small, I assume for tracking purposes, however I did not see any limitations on the number of "lots" a producer can cultivate.

Is this correct?

Thank you,
Jon

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 4:35 PM
To: 'Christopher Emerson'
Subject: RE: I-502 draft rules input

Christopher,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Christopher Emerson [mailto:chrismemerson@hotmail.com]
Sent: Friday, May 17, 2013 12:25 PM
To: rules
Subject: I-502 draft rules input

Hello,

Thank you for the hard work at getting these out to us, I know it is a lot of work. A few things I would like to address:

WAC 314-55-015 (11)

No consumption of marijuana on a licensed premise. My understanding of 502 was to create something that is similar to the alcohol industry that we have already established. In our alcohol industry it is common practice to buy a beer and to consume it on the premise. I know that it is illegal to consume marijuana in view of the general public and that is very clear. But we do not need to make it illegal to buy and consume in one location if it is not in view of the general public. I have been working closely with the board of health in regards to the smoking in public places (SIPP) act in Washington and a "private" establishment is not all that clear, but this could be a great time to clarify it. This is something that works well in Amsterdam and in select places in Canada, people can buy a joint and a cup of coffee and sit in a safe and secure location. I believe doing this will also help to eliminate the black market. If I have the option to drive to a different part of town to pick up some marijuana or just buy it from my neighbor, I and many others will get it from their neighbor. But if I have the option to hop on a bus to go and buy some marijuana and I can sit and enjoy it (at the retail spot) I will be much more likely to purchase from these location rather than the black market. I truly think this will be key in pushing out the well entrenched black market. You could also set a smaller sale limit for these locations, such as retailers may only sell 2 grams at a time.

1000' Rule

I know that there was a lot of concern with allowing license within 1000' of certain "youth focused"

establishments. It does make sense to not allow marijuana licenses within 1000' of schools, playgrounds and child care places. I am assuming this is the same as any alcohol establishment? Do we really need 1000' rules for public parks (without playgrounds, such as a dog park), transit centers, libraries, and arcades? There is a worry that enforcing the 1000' rules at all of these establishments will make it very difficult to have any marijuana retail establishments. If retail establishments are heavily restricted then we run into the problem of why would I drive from Ballard to Georgetown just to buy a \$20 bag when I could call up a friend that has some and lives closer. If we truly want to remove the black market aspect of marijuana then we need people to have access to the product. Let us keep 1000' for schools, playgrounds and child care places. And make it a 500' rules for Public parks, transit centers, libraries, and arcades. This will still create a buffer zone away from areas youth will pass through without choking the retail market. Also a direct question here; *When you say transit center, does this include a standard metro bus stop?*

Producers

Thank you for not making a direct limit on producing marijuana, but I do have concerns about marijuana production only available indoors. This is unfair for the farming communities on the east side of the state. They have the potential to produce quality marijuana at a low cost and still be safe. You could write a section that describes safety regulations for growing outdoors. One obvious one could be; fields must have a tall (10') fence around the entire perimeter of the grow area with sign indicating trespassing is prohibited. Again if we truly are trying to eliminate the black market then we need to be able to produce large quantities of marijuana at a low cost. The cost for growing outdoors is substantially less than it is for growing indoors. Plus if we all of a sudden have many indoor grow operations that require large amount of electricity for lights and fans, what will that do to our electrical demand? You could also add other regulations such as an outdoor garden can be no closer than 1500' from a residential structure.

Processors

You make it very clear that oils and hash are not allowed to be sold at retail establishments. I think it is the intent of the people and I-502 to allow oils and other marijuana based products. Consuming oils through a vaporizer is much healthier than consuming the raw leafy product. Other people want to consume through tincture that are placed on the tongue. Again the direct health effects are minimal. I think this is a public health concern that needs to be seriously reconsidered.

Quarantine Area

WAC 314-55-083 (3e) states that there must be a quarantine area. *Can you please help me to understand this?* I had not heard anything about this in the public forums or in past emails with the WSLCB and just would like to understand why it is there. Thank you.

Equal Opportunity

I know that the WSLCB does not make decisions on who receives a license based on race, creed, sexual orientation or color. But marijuana laws are notorious at being used to disenfranchise minority groups in the past. Can you please add a section stating this in plain english for all to see.

Thank you for your work and I thank you in advance for your response.

Christopher Emerson

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 4:33 PM
To: 'Kathy Hughes'
Subject: RE: New pot rules - tracking

Kathy,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

-----Original Message-----

From: Kathy Hughes [<mailto:mt.bakerkathy@comcast.net>]
Sent: Friday, May 17, 2013 12:34 PM
To: rules
Subject: New pot rules - tracking

Just saw the article in the Seattle Times today and about the proposed pot rules.

I am concerned about the lack of tracking of daily purchases and number stores an individual may go to. I think this should definitely be tracked.

People may not buy large amounts to traffic across state lines, but what about people who purchase a large amount and go to schools to sell. There will be a market for low level dealers to the under 21 crowd. I understand the privacy concerns, and alcohol is not tracked, but I think the safety concerns to youth outweigh the privacy concerns for legal users.

I think pot and narcotics should be treated in the same way. Pharmacies just started tracking narcotic prescriptions so it is easy to identify the heavy purchasers. I am a physician and it is now a lot easier to identify patients with who either have a drug problem or are selling the narcotics.

Finally, I have two young children, age 10 and 8 and I am VERY nervous about the decriminalization of pot. There is park near my house that I run through regularly. Since I-502 passed, I now smell pot virtually every time I run through it. This is technically illegal under 502, but has been permitted since pot has been essentially decriminalized. In all of the work done, regarding rules etc, I see very little reminding people that it is legal only for those over 21 AND in the privacy of their own home.

Please keep in mind safety precautions to youth, while rules are being made.

Thanks
Kathy Hughes

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 4:32 PM
To: 'Steve Dav'
Subject: RE: pricing - no black market

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Steve Dav [<mailto:steve.dav102@yahoo.com>]
Sent: Friday, May 17, 2013 1:02 PM
To: rules
Subject: pricing - no black market

Regarding the new marijuana rules, please on top of everything else: insure that you do not create a black market by charging more than street prices. The taxes alone should be more than enough to sustain the industry. It will completely defeat the purpose if there is an artificially created black market for no good reason.

Thx

McCall, Karen J

From: JERRY LUCIEN [jerryLucien@msn.com]
Sent: Monday, May 20, 2013 5:23 PM
To: McCall, Karen J
Subject: RE: My thoughts on your rules

Yes you are right. we should of read a little closer. I think most of us got caught up in the total idea of cannabis being legal as a huge step forward for what the people wanted.

As I stated in my letter the many other aspects of the states control are very overwhelming to us too. But if you are going to have more open public forum on the purposed draft then I don't think I will be the only one to be smothered by your very, very, very, tight rules.

You know that a lot of the growers in wash state are just like the people at the forums talking about mom and pop family operations. Most grow at their home property. And kids, grand kids are around. You aren't going to allow that.

Right? That rules out about 85% of the people that want to be legally growing pot. Instead of getting maybe busted and then sent to jail for 5yrs and being fined \$10000 !

Who can afford to rent a building, get the land lord to sign off on a pot growing op, and afford the insurance, much less the big power bill that goes along with growing indoors?

Do you know how much we would have to charge for the premium stains of pot? It would be soo expensive nobody would buy it from the retail stores.

Mom and pop grow ops are what you need to keep the pricing down and make this thing work.

Just to educate you a little on how the black market works. If you smoke pot now. you know a guy, or a friend of a guy that gets you your pot. I know its not legal, but why would it change if its cheaper? That guys still going to be there unless your competitive, then he might go away. Isn't that what the state wants?

The hole draft isn't worth the time and effort unless we can make money(us the people doing all the work/not just collecting tax money)

The state kind of made the alcohol thing work, but pot is a totally different thing.

Starting at the bottom rung with the grower is kind of the end game. no product no retail. Quality and pricing, and taking good care of the people that make the quality strain of good pot. No taking care of us the grower/no tax money. Simple. Maybe.....you might have bitten off more than you can chew??? we will see?

Thank you very much for getting back to me!

P.s. You will let me know when the next public forum is? It should be interesting.

Subject: RE: My thoughts on your rules
Date: Mon, 20 May 2013 15:41:12 -0700
From: KJM@LIQ.WA.GOV
To: jerryLucien@msn.com

The excise tax at each level was written into I-502, section 27, which was approved by the citizens of Washington. The board cannot change the law by rule. It will take a legislative change to modify the excise taxes.

Karen McCall
Rules Coordinator

From: JERRY LUCIEN [<mailto:jerrylucien@msn.com>]
Sent: Friday, May 17, 2013 9:55 PM
To: rules
Subject: My thoughts on your rules

To start with myself I was looking at a producer lic. But from what I read in your draft there is way too many controlling factors with all your gain.

I know you guys want the tax money, which in my opinion you might as well be in the mafia with a gun to our heads. 75% tax plus at least 10% sales tax ? By the time it is in retail shops it will be far too expensive for the regular person to buy. And if it is then with all the taxation we can't make any money growing it. If there's no real profit then.....why would we work are butts off for nothing. The average grower puts his heart and soul into his grow. Most do it in there house or out building on there property.

Your rules completely are taking all the small growers out of the picture. You heard from all your meetings..mom and pop growing, from some over 30yrs.

I've been around this culture of people my whole life. And nobody I know will even apply for this mess, with all the documentation and detailed things to do. You are completely out of touch with this culture.

If you don't believe me then have another public forum??? Let's see what the people have to say about all of your long list of requirements.

And as far as I'm concerned the black market should have no worries about their business now if this is the way you greedy state people are going to run it. They are all laughing at you guys as they park there expensive car and go into there big houses.

As far as I'm concerned you guys have totally screwed this up.

Sorry if you might take this wrong, but you will find out this is the real world. This is my opinion for whatever its worth.

Thanks for your time.

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, May 28, 2013 2:03 PM
To: 'Paul MacLeod'
Subject: RE: My comment

Paul,

The initiative does not allow the sale of "shake" to consumers. A legislative change is required to allow this.

Karen McCall
Rules Coordinator
WSLCB'360-664-1631

-----Original Message-----

From: Paul MacLeod [<mailto:paulmacleod@reachone.com>]
Sent: Tuesday, May 21, 2013 3:09 AM
To: rules
Subject: My comment

Hello,

I certainly hope whoever is making the rules for the sale and distribution of legalized pot, is also making provisions for the sale and distribution of the regular old type pot which is just the leaves or "shake" which used to be called "laughing grass". This is NOT the high quality "bud" which is all that seem to be talked about. There is a LOT of us out here who do NOT like the strong stuff, but rather just the leaves. Are provisions being made to market this product? Thank you in advance for your attention to this matter and I will be awaiting your response.

Sincerely,

Paul MacLeod

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, May 28, 2013 1:54 PM
To: 'James "Harry" Barker'
Subject: RE: Premises-Perimeter?

James,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: James "Harry" Barker [<mailto:james@evmetaldesign.com>]
Sent: Tuesday, May 21, 2013 2:39 PM
To: rules
Subject: Premises-Perimeter?

"Premises" "Perimeter" are both of these the same? Your definition of perimeter defines property lines and when I look up premises it states the same.

- 1) So if I grow in my shop that is 150ft from my home, all of the stated rules still apply to my home because I am on a rural five acre parcel. I can understand waiving my Constitutional Rights in my State Governed Growing Facility, but I do not understand having to waive my rights in my own home.
 - a. "The board will not approve any marijuana license for a location where law enforcement access, without notice or cause, is limited."
 - b. Also if I am a medical marijuana patient I can understand not using my medicine in the growing facility, but I cannot partake in my home either?
- 2) Now say if my shop is five hundred feet inside a corner of my property, and this corner is 990ft from a park (these are all straight lines, through thickets, over power stations, across posted "No Trespassing" fenced property's) even though to walk from this alleged park to the alleged grow space could be 2,000ft or more, with no visible signs of this building from any street, I would not meet the qualifications to become a producer.

I propose that "Premises" should reflect that if the entire building (State Governed Growing Facility). Separating a business from a home.

I propose that "Perimeter" should reflect on a given radius of that building, say maybe a surrounding acre, or using your 1,000 foot radius from the State Governed Growing Facility. I believe that a set of rules for a building built 10ft from the property line on a corner ¼ acre lot in the city should not set the standards for a building built hundreds of feet from a property line on a hundred acre lot in a rural setting.

Sincerely, thank you for this opportunity to be heard, -Harry

P.S. If I may put forward a slice of personal philosophy, I have not seen anything on farming sizes. I feel that keeping things set for a small farmer would be the most beneficial. So many farmers are at risk of not being able to make their mortgage's and big industries paying minimum wages while skimming all of the profits meanwhile looking for tax breaks

and loopholes , won't help. Licensing small farmers should create the same amount if not more jobs while being more beneficial. It would seem that setting a 45 plant limit would keep the Federal Government from raiding farmers and handing out felony's. (in theory a 45 plant rotation could create one lot every three days)

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, May 28, 2013 1:51 PM
To: 'pat carlon'
Subject: RE: 502

Patrick,

A separate application is required for each specific location. Only one license would be issued to a specific location.

Karen

From: pat carlon [<mailto:ptc114@gmail.com>]
Sent: Tuesday, May 21, 2013 3:21 PM
To: McCall, Karen J
Subject: Re: 502

Thanks for the quick reply and info Karen. Which leads me to another question - how does a company or person apply for multiple retail locations? Would a person or company be permitted to submit their name multiple times (in the initial random drawing) for the various addresses/locations? Or is someone that gets chosen in the initial random drawing permitted to open multiple store locations as a result of one approved application.

Sorry for not understanding the process.

Patrick

On Mon, May 20, 2013 at 4:46 PM, McCall, Karen J <KJM@liq.wa.gov> wrote:

Patrick,

The initial draft proposed rule below explains how the board will determine who will be allowed to apply for a retail license.

Karen McCall

Rules Coordinator

WSLCB

360-664-1631

New Section. WAC 314-55-081 Who can apply for a marijuana retailer license?

- (1) The board will determine the number of marijuana retail license locations permitted in each county. Interested parties will be invited to submit a request to apply for a retail license on a form approved by the Board and state the county in which they wish to locate.
- (2) The board will initially limit the opportunity to apply for a marijuana retailer license to a 30-day calendar window beginning with the effective date of this section. In order for a marijuana retailer application license to be considered it must be received no later than 30 days after the effective date of the rules adopted by the board. The board may reopen the marijuana retailer application window after the initial evaluation of the applications received and at subsequent times when the market deems necessary
- (3) If more candidates submit interest in applying than the number permitted licensed locations, a random drawing will be conducted to determine those entities eligible to apply for a license.
- (4) All interested parties found eligible to apply for a marijuana retail license will be notified by the board and said entities must submit their completed application prior to the published closing date for license applications.
- (5) If the board receives applications totaling less than the permitted number (per county); further names will be selected at random from the initial list of interested parties.
- (6) Applicants selected for the opportunity to submit an application must still meet all license criteria in order to be granted a license. Selection for the opportunity to apply in no way grants any rights or privileges to the prospective applicant.

From: pat carlon [mailto:ptc114@gmail.com]

Sent: Sunday, May 19, 2013 11:51 AM

To: rules

Subject: 502

I just have one quick question - I've asked this of the board members at past public hearings but no one had an answer at that time.

1. How will the board decide on who will receive retail sales permits - assuming there are more qualified applicants than licenses available? Will it be first come, first serve? I've been told at past meetings that it may be some form of lottery but considering the timeline proposed by the board, the answer to this question is critical for retailers to conduct their due diligence.

Thank you in advance for any and all help.

Patrick Carlon

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, May 28, 2013 1:49 PM
To: 'corey@eastonrefrigeration.com'
Subject: RE: Tax

Corey,

The 25% excise tax at each level was part of initiative 502 which the voters in Washington State approved in November 2012. Legislation is required to change the excise tax. The board will not be setting prices for marijuana. The market will determine the price.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: corey@eastonrefrigeration.com [<mailto:corey@eastonrefrigeration.com>]
Sent: Tuesday, May 21, 2013 4:48 PM
To: rules
Subject: Tax

Hello,

I am interested in the producer-processor licence and my question would be about the 25% tax. The way I read it you would only pay the tax once for this combo licence. If you had each licence. each licence would have to pay? Is this correct?

Comment: I think that having to pay 25% on the sales is very extreme. It may be possible to pay the 25% on the profit but on the sale is crazy. I have been in business for 13 years now and the Washington state B&O and excise tax I pay monthly is hurting my company now. I have been doing an average of 2 million annually in sales. I could not even think that it would be possible to turn a profit if my excise tax was 25%. Twenty five percent is crazy. It would not be a good investment to try growing marijuana.

Comment: I do not believe the state should tell me how much I can sell it for. I half gallon of Crown Royal is not the same quality as a half gallon of Monarch. If the customers will pay for better quality we should be able to sell it for what it is worth. The state doesn't tell Safeway what they are allowed to mark up liquor. I think marinara should be the same.

Thank You,

Corey Easton
Easton Refrigeration LLC
Phone 206-621-0194
Fax 206-257-5696

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, May 28, 2013 1:45 PM
To: 'Gordon Stone'
Subject: RE: initial draft rules 5-16-2013

Gordon,

Any comments you have should be emailed to me. All comments will be shared with the board as we continue to draft proposed rules to implement the initiative.

Karen

From: Gordon Stone [<mailto:gordon@stonethumb.com>]
Sent: Wednesday, May 22, 2013 12:53 PM
To: McCall, Karen J
Subject: RE: initial draft rules 5-16-2013

Hi Karen,

Thanks for the response and yes I will subscribe to the Listserve under I-502 implementation. Is there a forum for input regarding the environment requirements for the producers facility? I have a unique view of the environmental issue that come up during the production phase and I would be happy to share that with the state in hope to help define this area of the rules.

I am a local who, through my business, has helped setup numerous indoor production areas where the environmental conditions were of paramount importance in order to guarantee the cleanest final product as possible.

I have other views I would love to share as long as the ear I am bending will listen and not be a waste their or my time.



Sincerely,

Gordon Stone
owner
www.StoneThumb.com
425-830-3284

From: McCall, Karen J [<mailto:KJM@LIQ.WA.GOV>]
Sent: Wednesday, May 22, 2013 10:43 AM
To: Gordon Stone
Subject: RE: initial draft rules 5-16-2013

Gordon,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall

Rules Coordinator
WSLCB
360-664-1631

From: Gordon Stone [<mailto:gordon@stonethumb.com>]
Sent: Tuesday, May 21, 2013 8:16 PM
To: rules
Subject: initial draft rules 5-16-2013

Looking at the initial draft I do not see anything in here about the environmental conditions for the Cannabis to be grown in other than indoors or green house with rigid wall and a roof. What about the air borne contaminate control requirements and or Smell generated by a large indoor grow facility.

Also in the labeling area it states that:

"(f) warning that discloses all pesticides, herbicides, and fungicides or other compounds used for pest control or plant disease in production and processing."

This looks like we are asking the consumer to now know the effects of these products on their bodies and they have to look it up? This section simply doesn't make sense, there should be a list of approved products and only those products used and not needing to be disclosed to the consumer because they are safe. You do not see this labeling on produce or the in the floral industry where we are constantly bombarded by these chemicals and not told.

Just my 2 cents,

Gordon Stone

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McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, May 28, 2013 1:41 PM
To: 'William Hurley'
Subject: RE: Washington State Draft Marijuana Rules

William,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

-----Original Message-----

From: William Hurley [<mailto:hurley@wapc.org>]
Sent: Wednesday, May 22, 2013 1:19 PM
To: rules
Subject: Washington State Draft Marijuana Rules

Greetings;

I have been working with the Poison Center in Denver to develop recommendations for limiting the exposure of children to marijuana & previously sent those recommendations forward. I did not get any response, so thought I should also forward recommendations through this site. I think language should be in the rules to require child-resistant packaging for the edible products. This is the language on page 21 of the attached proposed Colorado rules:

(III) PROHIBITING THE SALE OF RETAIL MARIJUANA AND RETAIL MARIJUANA PRODUCTS UNLESS:
(A) THE PRODUCT IS PACKAGED BY THE RETAIL MARIJUANA STORE OR THE RETAIL MARIJUANA PRODUCTS MANUFACTURER IN PACKAGING MEETING REQUIREMENTS ESTABLISHED BY THE STATE LICENSING AUTHORITY SIMILAR TO THE FEDERAL "POISON PREVENTION PACKAGING ACT OF 1970",
15 U.S.C. SEC. 1471 ET SEQ.; OR
(B) THE PRODUCT IS PLACED IN AN EXIT PACKAGE OR CONTAINER MEETING REQUIREMENTS ESTABLISHED BY THE STATE LICENSING AUTHORITY AT THE POINT OF SALE PRIOR TO EXITING THE STORE;

Thank you,
William Hurley, MD FACEP FACMT
Medical Director, Washington Poison Center

----- Forwarded Message -----

From: "Michael Kosnett" <Michael.Kosnett@ucdenver.edu>
To: hurley@wapc.org
Cc: "Richard Dart" <Richard.Dart@rmpdc.org>, "George Wang" <George.Wang@rmpdc.org>
Sent: Friday, May 17, 2013 4:33:10 PM
Subject: Washington State Draft Marijuana Rules

Hi Bill,

I took a look at the initial draft rules released by the Washington Liquor Control Board to implement Washington State's legalization of marijuana. They were released in draft form yesterday.

I noticed that the rules apparently say nothing about child resistant packaging for cannabis edibles (e.g. candies, gummy worms, cookies, etc infused with THC).

Although it was not initially on the radar screen here in Colorado, we were successful in having a requirement for child resistant packaging included in the final legislation implementing Amendment 64 passed by the Colorado legislature on May 8. The exact language of the regulation, which will be drafted by the Colorado Dept of Revenue, will be finalized by July 1, 2013.

For your interest, I've attached a copy of the law, which is awaiting the Governor's signature. He has said he will sign it. It would be great if Washington State rules would also mandate child resistant packaging. The key language on child resistant packaging is found on page 21. Sam Wang's article on pediatric intoxication from ingestion of marijuana edibles in Colorado is due to appear in JAMA Peds later this month.

Best,

Michael

Michael J. Kosnett, MD, MPH

Attending Physician

Rocky Mountain Poison & Drug Center

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McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, May 28, 2013 1:41 PM
To: 'William Hurley'
Subject: RE: Marijuana Safety for Children

William,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

-----Original Message-----

From: William Hurley [<mailto:hurley@wapc.org>]
Sent: Wednesday, May 22, 2013 1:26 PM
To: rules
Subject: Marijuana Safety for Children

Greetings;

Attached is an editorial I drafted for JAMA Pediatrics concerning marijuana exposure in children. It has the following recommendations in it:

- Increasing consumer awareness and safety behaviors by posting warning signs at the site of sale and attaching warning labels on marijuana and marijuana-infused products on the risks of marijuana exposure and the need to keep such products out of easy reach of children.
- Control of access through the sale of marijuana-infused products (especially cookies, candy, brownies, and beverages) in child-resistant containers.

Please do not forward the article, as it has not yet been published.

Thank you,
William Hurley, MD FACEP FACMT
Medical Director, Washington Poison Center
155 NE 100th Street, Suite #100
Seattle, Washington 98125
1-800-222-1222
(206) 517-2350

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McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, May 28, 2013 1:19 PM
To: 'Jane Cook'
Subject: RE: Questions about I-502

Jane,

I have answered your questions below.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Jane Cook [<mailto:janes@pacifier.com>]
Sent: Wednesday, May 22, 2013 1:33 PM
To: rules
Subject: Questions about I-502

Hello,

I understand that comments are being sought for the draft rules to implement I-502. I have a couple of questions about the retail license application process that you may, or may not be able to answer at this point. Any insights you can provide are appreciated

- What will be the process for applying for multiple retail licenses within a county? There will need to be a separate application for each location. The way the draft rules read imply that it will be a single application, for each location, is that correct? Yes. Each application must have a separate location address. Is there an option to apply for more than one, other than multiple applications? No.

I'm confused by these passages under **New Section. WAC 314-55-081 Who can apply for a marijuana retailer license?**

3) If more candidates submit interest in applying than the number permitted licensed locations, a random drawing will be conducted to determine those entities eligible to apply for a license.

4) All interested parties found eligible to apply for a marijuana retail license will be notified by the board and said entities must submit their completed application prior to the published closing date for license applications.

- Am I understanding that once the number of retailer licenses is announced and the application process opens, if there is more applicants than licenses, the applications will be randomly chosen to be considered. And if someone's application is not randomly drawn then they are effectively out of consideration? Yes. Do I understand it correctly that qualifications will only be considered for those that are randomly drawn? Yes.
- What type of verification do you need from a landlord that will suffice as notice the landlord is aware of use. A lease, agreement to lease, something else? A statement signed by the landlord that they are aware the property will be used for a marijuana business. Because the license hinges on a lottery process, it is difficult to execute a lease not knowing if a license will be issued. Alternately, an agreement to lease contingent on receiving a license is more practical. You are correct – a lease contingent on receiving a license is the only way to go.

All the best –

Jane Cook

| (360) 606-3039 mobile

Dancing with the Local Stars on Facebook

janes@pacifier.com



McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, May 28, 2013 1:13 PM
To: 'Gregg Brandt'
Subject: RE: Amounts to grow

There are no limits on production.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

-----Original Message-----

From: Gregg Brandt [<mailto:greggbrandt50@gmail.com>]
Sent: Wednesday, May 22, 2013 2:45 PM
To: rules
Subject: Amounts to grow

Are we talking mom and pop grows or are we talking warehouse. Are there any grow limits? I would like more details.

Sent from my iPhone

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, May 28, 2013 12:36 PM
To: 'Ryan Moore'
Subject: RE: Lot

Ryan,

The retailer is not allowed to do any packaging. All packaging must be done by the processor.

Karen

From: Ryan Moore [<mailto:ryan@coastal-funding.com>]
Sent: Wednesday, May 22, 2013 2:56 PM
To: McCall, Karen J
Subject: Re: Lot

Karen,

When it comes to packaging I understand that processor will package for delivery to retailers. My questions is if processor breaks it all the way down to lets say gram size packages? Or does processor deliver in larger sealed packaging for retailer to break it down to the gram etc.

Thank you,

Ryan Moore

Sent via iPhone5

On May 20, 2013, at 11:22 AM, "McCall, Karen J" <KJM@LIQ.WA.GOV> wrote:

Ryan,

A producer can harvest as many "lots" as they choose. Each "lot" is two pounds. There is no limit on the number of plants or "lots".

Karen

From: Ryan Moore [<mailto:ryan@coastal-funding.com>]
Sent: Thursday, May 16, 2013 3:31 PM
To: McCall, Karen J
Subject: Re: Lot

Hi Karen,

I need a little clarification on the producer rules. It appears that the number of plants a producer has no limit as far as a number count goes. The rule will be enforced by "lot". If I understand correctly a producer my only harvest 2 pounds of one genetic? I feel like I must be misunderstanding something because I know that 2 pound harvest isn't a business. Can you help me understand what I am missing about this rule?

Thank you,

Ryan Moore

Sent via iPhone5

On May 1, 2013, at 12:12 PM, "McCall, Karen J" <KJM@LIQ.WA.GOV> wrote:

The rules will address no licenses being approved at a location where law enforcement access, without notice or cause, is limited.

The board may approve a license, but if a person can't get a business license from the local jurisdiction they wouldn't be able to open the business. Zoning restrictions that an applicant should be discussing with local jurisdictions prior to applying for a license.

Karen

From: Ryan Moore [<mailto:ryan@coastal-funding.com>]
Sent: Wednesday, May 01, 2013 11:18 AM
To: McCall, Karen J
Subject: Re: Zoning

So production can happen in residential zoning?

Thank you,

Ryan Moore

Sent via iPhone5

On May 1, 2013, at 10:48 AM, "McCall, Karen J" <KJM@LIQ.WA.GOV> wrote:

Ryan,

The board has no authority over local zoning. That is a decision that will be made by local jurisdictions. Zoning is not something the board will consider when processing an application.

Karen

From: Ryan Moore [<mailto:ryan@coastal-funding.com>]
Sent: Monday, April 29, 2013 11:18 PM
To: McCall, Karen J
Subject: Zoning

Hi Karen,

I'm curious if there is anything in writing in regards to light industrial zoning for production? I'm trying to get permit from Whatcom County and they need me to bring something in writing

that light industrial zoning allows production under I-502. They said they will follow Wa state law and as the law stands the only zoning they can permit for production is in agriculture zoning.

I'm sure if this isn't in writing currently that it will be when CR-102 is filed. If not this would be something that needs to be addressed. I would guess other then King County issuing special permits that almost the rest of the State will follow State zoning laws.

Let me know if there is something in writing I can bring to planning dept. thanks so much for your time!

Thank you,

Ryan Moore

Sent via iPhone5

Begin forwarded message:

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, May 28, 2013 12:35 PM
To: 'tammybicknell@yahoo.com'
Subject: RE: [Proposed Rules] I-502 Rules

Tammy,

The answers to your questions are following:

1. Each county and city will have a certain number of licenses allowed based on population. That will be the only number of licenses allowed for that jurisdiction.
2. The board will issue licenses for all jurisdictions regardless of moratoriums. It will be up to the applicants to work out issues with the local authority.
3. There is no specialty license for paraphernalia. A marijuana retailer is allowed to sell such products under the marijuana retailer license.
4. Tobacco products are not allowed to be sold in a marijuana retailer licensed establishment.
5. Any business needs a business license but there is no license they need to get from the board.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

-----Original Message-----

From: Washington State Liquor Control Board [<mailto:tammybicknell@yahoo.com>]
Sent: Wednesday, May 22, 2013 8:01 PM
To: rules
Subject: [Proposed Rules] I-502 Rules

Tammy Ramsay sent a message using the contact form at <http://liq.wa.gov/contact>.

First of all THANK YOU for the your efforts in implementing I-502.

I have a few questions

1. Will the designated retail license for a county be reserved for that county only?
2. If a county or city has moratoriums will you accept applications for retail from within those jurisdictions until the moratoriums are settled?
3. Does a retail store currently selling paraphernalia as defined in I-502 (bongs, pipes, vaporizers) need a specialty retail license to sell these products from the LQB?
4. Can paraphernalia be sold as Tabaco products?
5. Does a business manufacturing or distributing paraphernalia (such as bongs pipes etc.) also need a specialty license from the LQB to sell their products to specialty licensed retail stores?

Again thank you for all your efforts in implementing I-502

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, May 28, 2013 12:30 PM
To: 'Cynthia Jensen'
Subject: RE: Rules

Cynthia,

The correct language is from seed to sale, but if the plant is not started from seed the plant would be tracked from the time it enters the facility. The master application will be available on our website at a later date.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Cynthia Jensen [<mailto:cynjenster@gmail.com>]
Sent: Wednesday, May 22, 2013 10:17 PM
To: rules
Subject: Rules

On page 15 #4 Traceability of the I-502 there is a conflict.

The paragraph states seed to sale and item 4A states clone to sale. Which is correct and how many inches in height do you consider a clones to be.

When attending a seminar last weekend one of your representatives stated the the application would use a master application plus an addendum. When can I find the master application.

Thank you,

Cynthia Jensen

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, May 28, 2013 12:27 PM
To: 'Decotah Gilliland'
Subject: RE: Draft rules

Mark,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Decotah Gilliland [<mailto:wwholistichealth@gmail.com>]
Sent: Wednesday, May 22, 2013 10:58 PM
To: rules
Subject: Draft rules

I think these draft rules are very thorough and acceptable. I look forward to working with the state in building a processing corp. One item i think should be available is a draft of applications. This would give those of us that need it more time to prepare for our approval into this lucrative business opportunity. Thank you for your time.

Mark Gilliland
pres.
WALLA WALLA HOLISTIC HEALTH

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, May 28, 2013 12:26 PM
To: 'Mat Thompson'
Subject: RE: FW: Plant limits for producers

No. There can be no interest between the producer tier and the retailer tier.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Mat Thompson [<mailto:mathewthompson1980@gmail.com>]
Sent: Thursday, May 23, 2013 7:27 AM
To: McCall, Karen J
Subject: Re: FW: Plant limits for producers

Are shareholders allowed to invest in both retail and production as long as they do not have a permit?

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, May 28, 2013 12:21 PM
To: 'Highest Collective'
Subject: RE:

The timeline has the board accepting applications 30 days after the rules to implement the initiative are adopted, approximately September 1, 2013.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Highest Collective [<mailto:thehighestcollective@gmail.com>]
Sent: Thursday, May 23, 2013 11:05 AM
To: rules
Subject:

HEY WAS WONDERING WHEN WE THE PEOPLE WOULD BE ABLE TO APPLY FOR A RETAIL
LICENSE THIS JUNE OR NEXT JUNE

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, May 28, 2013 12:18 PM
To: 'Lois Lane'
Subject: RE: Response for 502 initial draft rules

Lois,

Initiative 502 does not allow the sale of extracts to consumers. A legislative change is required to allow this. You will still be able to get your hash from the medical marijuana dispensaries. The initiative was written for recreational marijuana and did not affect medical marijuana.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

-----Original Message-----

From: Lois Lane [<mailto:loislane@harbornet.com>]
Sent: Thursday, May 23, 2013 11:18 AM
To: rules
Subject: Response for 502 initial draft rules

Dear LCB:

I am a medical marijuana user.

Please change the rules to allow the sale of hash. For my medical needs, it is the product of choice. Smoking regular pot is too harsh on my lungs. I tried a water pipe and a vaporizer but they were not satisfactory. The edibles do not provide the same medical relief as the hash. This is a very important issue to many. Ruling out hash is not consistent with the intention of the law for medical users.

Thank you.

Lois Lane

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, May 28, 2013 11:53 AM
To: 'Carl and Linda'
Subject: RE: I-502 Implementation

Linda,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

The sale of extracts is not allowed in Initiative 502. A legislative change is required to allow the sale of extracts to consumers.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Carl and Linda [<mailto:carlinda2@gmail.com>]
Sent: Thursday, May 23, 2013 11:25 AM
To: rules
Subject: I-502 Implementation

Greetings,

Although I did not vote for I-502, I support the legalization process in the State of Washington. You have a big uncharted task ahead of you and I believe most citizens would prefer to adhere to the law, but only when the law is reasonable.

As a MMJ patient I am seeing a huge industry just waiting for the opportunity to grow and thrive. I especially like the quality control and testing of the product to insure safety.

I would like to see the LCB utilize the MMJ industry that already exists here and hopefully thwarting the black market as much as possible.

Part of this industry specializes in production of concentrates, hashish, keif, and honey oils, and if these items are not included in the legal plan, it will drive this market underground thus competing with the legal market. I personally use these concentrates for cooking and baked goods thus eliminating the need for smoking. It is like approving the sales of wine and beer but not liquor.

Setting up drive thru for legal marijuana retail sales for those MMJ dispensaries that can alter their location for such sales, and utilizing the established growers as well as their vast knowledge and experience would definitely be to the advantage of not only the LCB but to the citizens whom wish to partake.

Good luck on your efforts to take on a task that is the first of its kind on the planet, it can't be easy, but collaboration with the existing industry and the State of Colorado may make it just a bit easier.

Sincerely,
Linda Swanson
Gig Harbor, WA

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, May 28, 2013 2:45 PM
To: 'Dennis York'
Subject: RE: Medical cannabis (cont.)

Dennis,

Thank you for your comments on I-502 implementation. They will be considered as we draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Dennis York [<mailto:yorkd03@gmail.com>]
Sent: Tuesday, May 14, 2013 11:37 PM
To: rules
Subject: Medical cannabis (cont.)

WSLCB: I wanted to add that I've read many studies of the science confirming cannabis' myriad medical applications and the science behind the endocannabinoid system and cannabinoids' role in bio-systemic regulation and harmonization.

You ought to know better than to put at risk access to such a vital and life-restoring substance for people who need it, or anybody else for that matter, in spite of what some in charge of implementation and management of the state's recreational cannabis program may think, i.e. cannabis should be thought of as a health supplement deserving of an RDA designation, rather than an "addiction".

Thanks for your time,
Dennis A York

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, May 28, 2013 2:33 PM
To: 'Dave Edwards'
Subject: RE: License discrimination..

David,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

-----Original Message-----

From: Dave Edwards [<mailto:dave0656@gmail.com>]
Sent: Friday, May 17, 2013 9:27 AM
To: rules
Subject: License discrimination..

I would like to partake in this very lucrative business venture that not only benifits citizens across the board, but will also help educate the mass public on marijuana and promote more taxes for Spokane and surrounding projects around WA, but to my understanding I may not be able to partake in this new business because I was charged with a felony possession of marijuana in Spokane WA in 2008, I am currently a business owner in the city and state of WA. and I would find this to be a violation of the American dream to achieve Independence and prosperity as a citizen of the USA, I hope this is not the case because no other business in America is restricted to who can participate to become successful in this country as long as your bondable and can afford the licences you should be able to partipate as long as you cooperate and pay your taxes like a law abiding citizen as I currently do with my existing business in this state already, so please don't put restrictions on these licences cause it only hurts people trying to better themselves by limiting their potential and success in their lives, I must take part in this venture to secure a future for my family so to whomever is in charge please don't deny me a future in where I can do something that I deeply care about and have fought for all these years to achieve what has now become legal and now can be a susstainable business for my future....

Thank you for your time..
David Edwards
Spokane WA
Sent from my iPhone

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, May 28, 2013 2:30 PM
To: 'Alby Allen'
Subject: RE: Marijuana council question

Alby,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Alby Allen [<mailto:alby.allen@gmail.com>]
Sent: Sunday, May 19, 2013 4:10 PM
To: rules
Subject: Marijuana council question

Dear Washington Liquor Control Board,

My name is Alby Allen and I volunteer at a couple of Washington State penal institutions speaking about drug addiction. I have previously worked for six different 501(c)3 institutions from The Seattle Symphony to The YMCA of Pierce and Kitsap Counties. In anticipation of The State of Washington presiding over the sales of marijuana, I have done a bit of inquiring about the funding of drug hot lines, drug addiction awareness campaigns and treatment. I believe that some of the revenue from the state managed sale of marijuana will be well directed towards these goals.

I contacted Maureen Greeley from the Evergreen Council on Problem Gambling. I see this as a good model for public awareness as lotto ticket sales include a link to their site. They receive funding from the state as well as casinos and in turn fund the "problem with gambling" ads and 800 help lines. Maureen told me that she has not heard from anyone regarding the lifting of their model for marijuana so I thought I would contact the Washington Liquor Control Board, hence this email. I imagine you folks are already working on this but I thought I'd contact you as Maureen said she had not heard from you yet.

What I believe needs to be accomplished then, is the setting up of a 501(c)3 organization to channel funding from the state revenues as well as marijuana growers and drug treatment centers into 800 referral numbers and addiction ad campaigns. I believe this is essential for three reasons:

1. Marijuana sales will add to the numbers of addicts in this state. Maybe not by huge numbers, but I guarantee you that someone I speak to in jail in the next ten years will have taken their first drug by legal sales of marijuana. It is not a reflection on marijuana, just of the fact that a certain percentage of humans have addictive patterns. If this happens to only one person, then resources need to be provided for that person.

2. Public perception of sales of marijuana, just like any other political issue, will have pros and cons, highs and lows and backlash. The state will need to defend the sales of marijuana from time to time and being proactive about treatment and awareness is the strongest stance the state can take.
3. The organization must be not-for-profit to assure the best possible oversight and unimpeachable reputation for the routing of a large amount of funding based on what can be perceived as "sin" tax.

If not already done, I suggest that a committee is set up to create the marijuana equivalent of The Evergreen Council for Problem Gambling. The name is already there, "Evergreen."

Yours in service,

Alby Allen

Alby Allen
alby.allen@gmail.com
253.307.2206

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, May 28, 2013 2:29 PM
To: 'Mark Oman'
Subject: RE: Property Question

Mark,

To submit an application for a marijuana license you will need a business location address. Before a license can be approved a final inspection will be conducted so the building will need to be constructed.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Mark Oman [<mailto:markoman47@yahoo.com>]
Sent: Sunday, May 19, 2013 4:53 PM
To: rules
Subject: Property Question

Hello,

I own some acreage that is just an empty lot at the moment. I would like to build a producer and processor facility on the property, I design it to suit my needs. My question is this; can I apply for the licences before I build the facility? I could include floor plans of the future facility with my application. Thanks.

Mark

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, May 28, 2013 2:20 PM
To: Clyde Z
Subject: RE: Initial Draft Rules I-502

Clyde,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Zahn, Clyde (DOR) [<mailto:ClydeZ@DOR.WA.GOV>]
Sent: Monday, May 20, 2013 1:05 PM
To: rules
Cc: Rathbun, Alan E; Smith, Rebecca; Eastman, Kimberly (DOR)
Subject: RE: Initial Draft Rules I-502

Hello,

I have reviewed the draft, proposed marijuana license rules and put together several notes and suggested, potential changes. Please let me know if I can clarify anything in this file:

Clyde Zahn

Management Analyst | Business Licensing Service
Washington State Department of Revenue

PO Box 47475 | Olympia WA 98504-7475
360/705-6800 | F 360/705-6655 | business.wa.gov/bls | clydez@dor.wa.gov

Working together to fund Washington's future

From: Rathbun, Alan E [<mailto:AR@LIQ.WA.GOV>]
Sent: Thursday, May 16, 2013 8:07 AM
To: Zahn, Clyde (DOR)
Cc: Smith, Rebecca
Subject: Initial Draft Rules I-502
Importance: High

Clyde:

As you probably know, our initial draft rules will be distributed this afternoon....and I assume you are on our listserv?

Please note a late add....we now have a fourth license type "producer/processor license"....fees are double that of the individual licenses so \$500 and \$2000. Sorry for the late notice, I just saw that change this morning.

Special request, if in reviewing these rules you find elements needing clarification or definition or just errors, please submit your comments to the rule-making website but copy Becky and me so we can give them early and special consideration. Thanks....and good luck.to us.

*Alan Rathbun
Licensing and Regulation Division
WA Liquor Control Board
(360) 664-1615*

Notes and suggested revisions to draft Chapter 314-55 WAC

Clyde Zahn, BLS

314-55-010 (1)

party of ~~in~~ interest

Note: For this change, and all others indicated for this text string throughout this review, these references are intended to mean those individuals that have a specific interest in the marijuana business, such as a monetary stake or expected gain, or controlling interest. The respective legal term of art that applies to this is 'party in interest' (also known as 'real party in interest', or 'true party in interest'). 'Party of interest' is used correctly in cases of administrative action against an individual or investigation of a crime where the prosecution finds that a person is of interest to the specific case.

This is consistent with usage in RCW 69.50.304 (d) identifying a registrant's *successor in interest* of a business having similar position as the registrant, since that successor has an actual interest in the matter. This is also the only time in Chapter 69.50 RCW that this term is used.

Initiative -502 does contain the term 'party of interest', one time, in section 25 (5) {RCW 69.50.505 (5)}, however this is also language pre-existing the initiative, and deals with seizure and forfeiture of property, specifically in the case of legal action by a property owner claiming ownership of seized property needing to file notice on respective *parties of interest* that are attempting to seize the property.

314-55-010 (8)

party of ~~in~~ interest

314-55-010 (12)

party of ~~in~~ interest

314-55-015 (2)

All applicants and employees working in ~~each a licensed establishments~~ establishment must be at least twenty-one years of age.

314-55-015 (8)

Every marijuana licensee must post and keep posted its license, ~~or licenses, and any additional correspondence containing conditions and restrictions imposed by the board~~ in a conspicuous place on the premises.

NOTE: RCW 69.50.331 (4) requires that: "All conditions and restrictions imposed by the state liquor control board in the issuance of an individual license shall be listed on the face of the individual license along with . . ."

314-55-015 (10)

Facilities licensed as a marijuana processor ~~and or a marijuana~~ retailer by the Liquor Control Board conducting the processing, storage, ~~and or sale~~ of marijuana-infused products shall be constructed . . .

Note: RCW 69.50.328 Prohibits either a marijuana producer or processor from having a direct or indirect financial interest in a licensed marijuana retailer. Consequently, no facility should be licensed for *both* marijuana processing and retail sales; those activities are mutually exclusive.

314-55-020

Application for a marijuana license is made by submitting a Business License Application and any appropriate addenda forms, along with all fees due for application, to the Business Licensing Service of the Department of Revenue. The Business Licensing Service will process the application and forward the information and fees to the board. Each marijuana license application is unique and investigated individually. The board may inquire and request additional documents regarding all matters in connection with the marijuana license application received from the Business Licensing Service. The application requirements for a marijuana license include, but are not necessarily limited to the following:

314-55-020 (3)(a)

Note: Requires submission of a personal/criminal history “form”. Just an FYI: In order to allow for the completion of an online application through Business Licensing Service, any hard-copy documents required from an applicant will need to be collected by LCB after the fact.

314-55-020 (4)

party of in interest

314-55-020 (8)

Note: Requires submission of an operating plan. Just an FYI: In order to allow for the completion of an online application through Business Licensing Service, any hard-copy documents required from an applicant will need to be collected by LCB after the fact.

314-55-020 (10)

Note: Requires submission of a signed affidavit from a landlord. Just an FYI: In order to allow for the completion of an online application through Business Licensing Service, any hard-copy documents required from an applicant will need to be collected by LCB after the fact.

314-55-020 (11)

Note: Requires submission of a signed attestation from the applicant. Just an FYI: In order to allow for the completion of an online application through Business Licensing Service, any hard-copy documents required from an applicant will need to be collected by LCB after the fact.

314-55-020 (12)

Upon failure to respond to the board's licensing and regulation division's requests for information within the timeline . . .

314-55-035

true party(ies) of in interest

314-55-035 (1)

True parties ~~of~~in interest

“true party ~~of~~in interest”

True party ~~of~~in interest

Note: Individuals defined as true parties of [sic] (in) interest in this section include stockholders and spouses. It is assumed that these individuals will be identified on the BLS addendum form, and will have the same age and residency restrictions applied to them, necessitating collecting personal information from them.

314-55-035 (2)

“true party ~~of~~in interest”

314-55-045

true party ~~of~~in interest

314-55-050 (6)

... determined by the board to be gained in a manner which is in violation ~~by~~of law.

314-55-050 (7)

Note: Refers to the submission of a signed affidavit from a landlord. Just an FYI: In order to allow for the completion of an online application through Business Licensing Service, any hard-copy documents required from an applicant will need to be collected by LCB after the fact.

314-55-050 (13)

Note: Refers to the submission of a signed attestation from the applicant. Just an FYI: In order to allow for the completion of an online application through Business Licensing Service, any hard-copy documents required from an applicant will need to be collected by LCB after the fact.

314-55-070 (2)

Reapply for the license no sooner than one year from the date ~~on~~of the final order of denial.

314-55-075 (3)

314-55-077 (3)

314-55-080 (3)

Note: RCW 69.50.331 (7)(a) requires LCB to give notice to local authorities before issuing a renewed marijuana license. For this and several other provisions both in statute and proposed WAC, including the random checks proposed in these sections, it is planned to require LCB reapproval of all marijuana license renewals. The endorsement will be placed on hold by BLS and no renewed license will be issued until LCB changes the endorsement status. This process will facilitate whatever needs to be done before a renewed license is issued.

Also note that the random check in the three sections noted above is not included in 314-55-079 for the Retailer license.

314-55-075 (4)

314-55-077 (4)

314-55-080 (4)

Note: Assumes all WSR publishing date deadlines are met in order to have CR 103 files on August 1, 2013 in order to have rules in effect on September 1, 2013, the target date for BLS to begin accepting applications.

Also note: BLS may receive applications after the end of the initial 30-day application window. Discussion is needed to determine the disposition of such applications.

Also note that the 30 day window is not included in 314-055-079 for the Retailer license.

314-55-081

Note: The pre-application approval process for the retailer license outlined in this section will need to be performed by LCB outside the BLS process. It is assumed that LCB will issue a certification that a pre-applicant has been approved to submit an application, and that certification will need to be noted/tracked by BLS as part of the Retailer application process, and not allow the application to be considered complete without having received the application approval certification.

Also note that if this is issued in the form of a paper document, the retailer application process will be restricted to only paper-based applications. To overcome this restriction a pre-application certification ID number should be issued which can then be entered as data online during the application process.

314-55-081 (1)

The board will determine the number of marijuana retail license locations permitted in each county. The board will announce when interested parties will be invited to may submit a request directly to the board, on a form approved by the board, for pre-authorization to apply for a retail license during the 30 calendar day application window described in subsection (2) of this section, on a form approved by the board and state the county in which they wish to locate.

314-55-081 (2)

The board will initially limit the opportunity to apply for a marijuana retailer license through the Business Licensing Service to a 30-day calendar day window beginning with the effective date of this section. In order for a marijuana retailer license application license to be considered in the first opening of the application window it must be received no later than 30 days after the effective date of the rules adopted by the board this section. The board may reopen the marijuana retailer license application window after the initial-evaluation of the initial applications received and at subsequent times later as the board determines appropriate, when the market deems necessary.

314-55-081 (3)

If more candidates submit interest in applying than the number-permitted number of licensed locations, a random drawing . . .

314-55-082 (1)

Note: Refers to the submission of a certificate of insurance. Just an FYI: In order to allow for the completion of an online application through Business Licensing Service, any hard-copy documents required from an applicant will need to be collected by LCB after the fact.

It is possible for BLS to create a subsequent, ancillary tracking process for the insurance policy renewals that will run as a paper process outside of the BLS renewal process, and is compatible with allowing online renewals processing.

314-55-083 (1)

... display an identification badge issued by the licensed employer at all times while ~~in a license~~ on the licensed premises.

314-55-086 (1)

Note: The table does not reference the fourth license type of the Producer/Processor.

Also, Regarding legibility standards, it may be good to specify the size of lettering, or at what minimum distance the notice is legible.

314-55-086 (3)

The premises' current and valid ~~master license~~ Business License, issued by the Business Licensing Service, with the appropriate endorsements must be ...

314-55-087 (1)(c)

true party of ~~in~~ interest

314-55-087 (1)(f)

Note: May be advisable to specify that these records also identify the type, brand, and strength of the chemicals applied.

314-55-089 (2)

Marijuana Producer Licensees: ~~On a monthly basis, marijuana producers must maintain records of, and report on a monthly basis, and in a manner prescribed by the board:~~ purchases from other licensed marijuana producers, current production and inventory on hand, sales by product type to other licensed producers and processors, and lost and destroyed product, ~~in a manner prescribed by the board.~~

314-55-089 (2)(a)

... twenty-five percent of the selling price on each wholesale sale to a ~~license~~ licensed marijuana processor.

314-55-089 (3)

Marijuana Processor Licensees: ~~On a monthly basis, marijuana processors must maintain records of, and report on a monthly basis, and in a manner prescribed by the board:~~ purchases from licensed marijuana producers, production of marijuana-infused products, sales by product type to licensed marijuana retailers, and lost and/or destroyed product, ~~in a manner prescribed by the board.~~

314-055-089 (3)(a)

A marijuana processor licensee must pay to the board a marijuana excise tax of . . .

314-55-089 (4)

Marijuana Producer/Processor Licensees: ~~On a monthly basis, marijuana producer/processors must maintain records of, and report on a monthly basis, and in a manner prescribed by the board: purchases from other licensed marijuana producers, current production and inventory on hand, wholesale sales by product type to other licensed producers, processors, and retailers, and lost and destroyed product, in a manner prescribed by the board.~~

314-55-089 (4)(a)

. . . twenty-five percent of the selling price on each wholesale sale to another licensed processor (sales from producer to processor), and twenty-five percent of the selling price on each wholesale sale to a licensed retailer (sales from processor to retailer).

314-55-089 (5)

Marijuana Retailer's Licensees: ~~On a monthly basis, marijuana retailers must maintain records of, and report on a monthly basis, and in a manner prescribed by the board: purchases from licensed marijuana processors, sales by product type to consumers, and lost and/or destroyed product, in a manner prescribed by the board.~~

314-55-089 (5)(a)

Note: It would be advisable to specify how to calculate the "selling price" on which to compute the 25% excise tax: Is retail sales tax included in the final selling price?

314-55-099

- (1) Marijuana producer and processor licensees must have at least one scale on the licensed premises that conforms to the requirements of chapter 19.94 RCW and chapters 16-662 and 16-664 WAC, and which must be used for the weighing of product for the purposes of traceability and inventory of product, that conforms to the requirements of RCW 19.94 and WAC 16-662 and 16-664.
- (2) Licensees must register all weighing and measuring devices used for commercial purposes in their marijuana business, including the scale identified in subsection (1) of this section, by requesting the registrations apply for a "Small Scale" license on a business Business License Application with submitted to the Business License Licensing Services through of the Department of Revenue.
- (3) All weighing and measuring devices used by Licensees licensees for commercial purposes must use a scale conforming to the standards set by the national Institute of Standards and Technology (NIST) and the National Type Evaluation Program (NTEP).
- (4) The All commercially-used scales will be subject to inspected inspection and certified certification by the Weights and Measures program of the Washington Department of Agriculture as per RCW 19.94.163.

314-55-102 (4)

. . . the Board may require third party validation and ongoing monitoring of a lab's basic proficiency . . .

314-055-104 (6)

~~Parts per million for one~~Each gram of finished extract cannot exceed 500 parts per million ~~or of~~ residual solvent or gas when quality assurance tested per RCW 69.50.348.

314-55-105 (7)

All usable marijuana ~~when sold~~offered for sale at retail must include ~~accompanying~~informational material that contains the following warnings ~~that state~~:

314-55-105 (7)(c)

“Should not be used by ~~woman~~women that are pregnant or breast feeding;”

314-55-105 (8)

All marijuana-infused products ~~sold~~offered for sale at retail must include ~~accompanying~~informational material that contains the following warnings ~~that state~~:

314-55-120 (1)

. . . the definition of “true party of in interest”):

Note: It is assumed the various changes and related filing fees indicated in this section will be processed through BLS, similarly to how such changes are handled for liquor licensing.

314-55-125 (1)

Note: Is requiring a new application to submit a change of location in conflict with the limited, 30-day window of application restriction if the location change occurs outside such an open application period?

314-55-130

- (1) If you wish to change the name of your business, you must ~~apply-submit~~ a Business License Application to the Business Licensing Service at the Department of Revenue to apply for a change of trade name and business firm name with the department of Revenue, business license Service. See chapter 19.80 RCW for requirements for registering trade names.
- (2) If you wish to change the name of your legal entity (corporation or limited liability company, etc.) name, you must ~~apply-submit an amendment to the articles of formation or incorporation for a change of name through the Corporations Division of the Secretary of State.~~
- (3) ~~See WAC 434-12 for guidelines for trade names.~~

Note: Chapter 343-12 WAC deals with Trademarks registered through the Secretary of State, and ***NOT*** Trade Names registered through the Business Licensing Service at DOR.

314-55-135 (3)

. . . by the court, the true party(ies) of in interest must apply . . .

314-55-165 (1)(a)

Note: If BLS is expected to provide advance lists of accounts up for renewal in the future, special programming will be needed to produce the list in time to give local governments 90 days advance notice. Current programming selects accounts needing to be renewed only approximately 45 days before the expiration date.

314-55-520

Note: the table has no heading for the fifth column, assumed intended to read ‘4th Violation in a three-year window’

STATE REPRESENTATIVE
12th LEGISLATIVE DISTRICT
CARY CONDOTTA

State of
Washington
House of
Representatives



GOVERNMENT ACCOUNTABILITY
& OVERSIGHT
RANKING MEMBER
LABOR & WORKFORCE
DEVELOPMENT
ASSISTANT RANKING MEMBER
FINANCE

Monday, May 13, 2013

To: Members of the Liquor Control Board

RE Draft Rules for Cannabis Production, Processing, and Retail

Board Members;

My understanding is that the draft rules will soon be released for cannabis production, processing and retail. On behalf of my constituents and to ensure that a safe, legal and tax positive cannabis market is established for recreational use, we urge you to please address the following areas in your rules:

1. Before any application is accepted, any applicant should have site / property control and supportive documents such as a Deed of Ownership, a Commercial Lease or Memorandum of Understanding, demonstrating such control. These documents should be submitted before an application can move forward.
2. Any site / property control documents must demonstrate that the owner understands that this site will be used for the stated purpose of producing, processing, or retailing of cannabis.
3. Due to the unique real property implications of this industry as it relates to Federal Law. Any and all Lien holders of any real property being licensed for the production, processing or retailing of cannabis should provide a notarized affidavit confirming their knowledge and consent that such activities are taking place on real property that they have claim to.

My fear is that some applicants will apply for licenses who do not have the legal authority to use real property for the purposes of the license, and that ultimately, these false start licenses could be granted to individuals and entities that will ultimately not be able to participate in the industry due to these external property issues. Having these types of non-participants will slow down the process for applicants that do have such a right to participate. And, in making any new market, insuring property supply at the outset will be critical.

I feel that if an applicant is going to be successful, the types of measures above will be necessarily at any event, and that these steps should be moved up to the beginning of the process.

Thank you for your time and assistance.

Best regards,

A handwritten signature in black ink, appearing to read "Cary Condotta", written over a horizontal line.

State Representative Cary Condotta
12th District

LEGISLATIVE OFFICE: 425-B LEGISLATIVE BUILDING • PO BOX 40600, OLYMPIA, WA 98504-0600 • 360-786-7954

E-MAIL: Cary.Condotta@leg.wa.gov

TOLL-FREE LEGISLATIVE HOTLINE: 1-800-562-6000 • TDD: 1-800-635-9993 • www.leg.wa.gov

PRINTED ON RECYCLED PAPER

RECEIVED
MAY 20 2013
Liquor Control Board
Board Members

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, May 28, 2013 2:08 PM
To: 'Dave Jensen'
Subject: RE: KPBJ.COM article...

Dave,

The initial draft proposed marijuana rules are for recreational marijuana only. Initiative 502 did not change anything about medical marijuana. If you are allowed to grow marijuana now under the medical marijuana laws you can continue to grow. Medical marijuana is unchanged.

Karen McCall
Rules coordinator
WSLCB
360-664-1631

From: Dave Jensen [<mailto:magnetsplus@comcast.net>]
Sent: Monday, May 20, 2013 9:51 PM
To: rules
Subject: KPBJ.COM article...

This has me curious.

http://kpbj.com/business_daily/2013-05-20/states_proposed_marijuana_rules_include_many_hoops_challenges_for_entrepre

My entire list of patients are veterans, like me. We're all MMJWA patients.

Patient to patient network, is your group trying to stop our patient networks?

Do I need to stop growing for us?

We, none of us, could afford the monies that article speaks to.

Stinks if that is what I see going on here. Leave Patient 2 Patient alone, please.

Dave Jensen
2020 Boulevard Rd SE
Olympia, WA 98501
360-628-8299 home
30% VietNam DisVet

This plant, God given, has helped so many disabled veteran's improve the quality of their lives. Help them to stay well.

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, May 28, 2013 2:06 PM
To: 'Mat Thompson'
Subject: RE: FW: Plant limits for producers

Mat,

Vending machines were not addressed in the initiative therefore they will not be allowed. The direct or indirect relationship in the initiative refers to the relationship between a producer or processor and a retailer. It doesn't pertain to other types of businesses.

Karen

From: Mat Thompson [<mailto:mathewthompson1980@gmail.com>]
Sent: Monday, May 20, 2013 9:57 PM
To: McCall, Karen J
Subject: Re: FW: Plant limits for producers

Thank you for all your help and patience with me. Vending machines were not addressed. Obviously send a machine cannot have permits they are not people however my machine would be operated by a live person and used to keep product secure and track inventory. Do you think this would be allowed?

Another question I have is would I be allowed to open retail locations if I currently sell hydroponic supplies and build grow rooms for a living? The law states no direct or indirect relationships but that is very vague. Thank you for your help.

On Apr 3, 2013 1:37 PM, "McCall, Karen J" <KJM@liq.wa.gov> wrote:
The board has not made any decision on whether or not to limit the number of plants. Thank you for your comments on our marijuana producer license and regulations. They will be considered as we draft rules to implement I-502. To ensure you receive updates on I-502 implementation and public meetings go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
[360-664-1631](tel:360-664-1631)

-----Original Message-----

From: Mat Thompson [<mailto:mathewthompson1980@gmail.com>]
Sent: Saturday, March 30, 2013 9:45 PM
To: rules
Subject: Plant limits for producers

What plant limit is the Liquor Commission leaning towards placing on producers. I feel it should be very low. I would appreciate any insight

you could give me as it would help me plan. I'm assuming the limits would be around 50 plants or less.

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, May 28, 2013 11:51 AM
To: 'David Kerr'
Subject: RE: Three Month Residency Requirement

David,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: David Kerr [<mailto:david@dkerrlaw.com>]
Sent: Thursday, May 23, 2013 12:02 PM
To: rules
Subject: Three Month Residency Requirement

I believe the draft rules improperly apply the three month residency requirement as it applies to nonprofit corporations, corporations and limited liability companies:

New Section WAC 314-55-0200 (7) says: RCW 69.50.331 (1)(b), **all applicants** applying for a marijuana license must have resided in the state of Washington for at least three months prior to application for a marijuana license.

However, RCW 69.50.331 (1)(b) applies to: A person **doing business as a sole proprietor** who has not lawfully resided in the state for at least three months prior to applying to receive a license.

The requirement for nonprofit corporations, corporations and limited liability companies (RCW 69.50.331(1)(c) is that they be formed in the state and that all members be qualified to obtain a license. However, since a "member" of a nonprofit corporation, corporation or limited liability company is not a sole proprietor, the three month residency requirement would not apply. The three month residency requirement applies only to sole proprietors.

I think the intent of the statute is to recognize that the need for being resident in the state for nonprofit corporation, or corporation or LLC is that they be formed in the State and registered with the Secretary of State

dk | LAW
David P. Kerr
206.234.5819
david@dkerrlaw.com
www.dkerrlaw.com

This email is privileged and confidential. Any unauthorized use is expressly prohibited.

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, May 28, 2013 11:50 AM
To: 'Grant'
Subject: RE: Tribal Grows

Grant,

The board will not approve any marijuana license for a location on federal lands.

Karen McCall
Rules Coordinator
WSLCB'360-664-1631

-----Original Message-----

From: Grant [<mailto:grcg46@gmail.com>]
Sent: Thursday, May 23, 2013 1:33 PM
To: rules
Subject: Tribal Grows

If I'm growing marijuana on tribal lands within Washington State, what is the best way to transfer the product to a processor/retail location?

Thanks,
Grant

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, May 28, 2013 11:48 AM
To: 'Ben Smith'
Subject: RE: Lot quantities

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

A producer can produce as many lots they choose. The definition of "lot" is 2 pounds.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Ben Smith [<mailto:mr.ben247@hotmail.com>]
Sent: Thursday, May 23, 2013 2:21 PM
To: rules
Subject: Lot quantities

The draft rules look pretty good except for a couple of things. Now the rules are you can only grow 2 lbs of useable product and 6 lbs of shake per genetic strain. The problem with this is certain dispensaries are going to want larger quantities of a particular kind. Let's say a popular strain called Trainwreck is the number 1 seller at a dispensary to meet the demand the grower is going to need to grow more of that genetic strain than 2 lbs per harvest. And it is not just the strain it is usually a particular phenotype of a strain that is popular. If a grower has 10 or 20 seeds of one particular kind the grower will first plant those seeds and find the very best genetic phenotype and take clones off of the best plant. This keeps plants uniform as well as nutrient needs. Another thing is it is hard to consider just what kind or how large of a facility needs to be built. Without knowing how many plants are going to need to be grown. Knowing what kind of output is to be expected would determine just how large of investment will need to be made. Other than these issues and trying to control THC content the draft rules seem reasonable. Limiting THC allows for a black market. Most people do not like the highest potency stuff but there is a market for it. These percentages range from about 18% to 30% plus THC. Just like any other market demand dictates supply.

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, May 28, 2013 11:46 AM
To: 'george'
Subject: RE: PROPOSED RULEs on MARIJUANA

George,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

-----Original Message-----

From: george [<mailto:gwcolby@embarqmail.com>]
Sent: Thursday, May 23, 2013 2:48 PM
To: rules
Cc: Harry Smiskin; Virgil Lewis; George Colby
Subject: PROPOSED RULEs on MARIJUANA

ON BEHALF OF THE YAKAMA NATION I WOULD PUT FORTH THE FOLLOWING AMENDMENTS AND CHANGES

PROPOSED WAC 314-55-015(6) AMENDMENT:

(6) The board will not approve any marijuana license for a location on federal lands or for any purpose within the Yakama Nation Reserved and Ceded lands pursuant to 12 State 951, Treaty of 1855.

PROPOSED WAC 314-55-020(1) AMENDMENT;

(1) Per RCW 69.50.331, the board shall send a notice to cities, counties and tribal governments and may send a notice to port authorities regarding the marijuana license application. The local authority has twenty days to respond with a recommendation to approve or an objection to the applicant, location or both.

PROPOSED NEW WAC 314-55-550

Notice to all who would grow, use or sell marijuana pursuant to Washington State Law and its WACs: The Yakama Nation opposes and will oppose any application for any form of license to grow, harvest, use, sell or trade marijuana within the boundaries of the Yakama Reserved and Ceded lands pursuant to the Treaty of 1855, 12 Stat 951, and the Yakama Law and Order Code.

THANK YOU.

George Colby Law Office
PO Box 6
Toppenish, WA 98948

Phone: 509 865-3011

Cell: 509 307-0556

Fax: 509 865-2532

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, May 28, 2013 11:45 AM
To: 'Jerald Cain'
Subject: RE: Comment on I-502 Draft Rules

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

-----Original Message-----

From: Jerald Cain [<mailto:jccain@mac.com>]
Sent: Thursday, May 23, 2013 4:45 PM
To: rules
Subject: Comment on I-502 Draft Rules

Having read the draft rules I see no mention of firearms in the proposed rules. RCW 9.41.30, which addresses weapons prohibited in certain places, specifically states "that portion of an establishment classified by the state liquor control board as off-limits to persons under twenty-one years of age" applies to licensees, especially retailers, under the proposed rules. The same signage (Firearms Prohibited) that is required for a tavern or cocktail lounge would appear to be required to be posted by I-502 licensees and WAC 314-55-086 should be amended to reflect that requirement.

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, May 28, 2013 11:44 AM
To: 'Gene Yuss'
Subject: RE: Cannabis rules.

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

-----Original Message-----

From: Gene Yuss [<mailto:acumengenetics@gmail.com>]
Sent: Tuesday, May 28, 2013 11:34 AM
To: rules
Subject: Cannabis rules.

I come from a background including 10 years as a licensed firearms dealer. You are attempting to regulate a plant with rules that the firearms industry doesn't even follow. I think we can all agree that one firearm in the hands of the wrong person can do much more damage than any amount of cannabis could. Please take a step back and put things into the proper context. I understand the fear that the government will come down on you for making a wrong move, in that sense we are all in the same boat. With firearms the Federal Governments focus is at the point of sale to the public. They trust dealers to self regulate in many ways and it is very successful. If your producers don't feel that they are trusted you will create your own problems. You have to assume people will do the right thing and punish those who don't. Remember YOU are hand picking them for the job.

There is a lot of language in the rough draft that feels threatening and over bearing. Example; page 2 item 5 The line is unnecessary, vague, and threatening. Please better define a "Lot" and "Events". The more complicated you make this the harder it will be to fix later. Amendments are never more clear than using simple logic from the beginning.

Your shipping plan is unmanageable on our part and yours. Firearms are tracked at departure and arrival at dealers doors only by themselves and booked into inventory. There is no need to complicate a system that is already approved for transporting very sensitive cargo. The ATF has no contact unless there is a problem or they choose to audit your books.

Your video monitoring is excessive at least for producers that have no contact with the public. No one has more to lose from theft than the producer themselves. You should allow them to protect their property as they see fit. If it is the producer you don't trust then we are starting ALL WRONG. A monitored quarantine room before disposal is absolutely ridiculous.

Please take a look at the firearms industry a little closer. You are going way beyond what is required of "FEDERAL FIREARMS Dealers"!

Acumen Genetics

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, May 28, 2013 11:43 AM
To: 'k. orton'
Subject: RE: medical issues

Kevin,

I'm sorry, but I don't see how the proposed rules for recreational marijuana affect those of you in the medical marijuana industry. The proposed rules do not have any impact on your industry whatsoever.

Karen

From: k. orton [mailto:cembad@yahoo.com]
Sent: Tuesday, May 28, 2013 11:33 AM
To: McCall, Karen J
Subject: Re: medical issues

I appreciate your efforts on our behalf.

The info I am getting from the medical collectives is different from the info you are providing. Why is that?

I am a member of a collective, people who labor together for the common good, and the proposed rules will effect us as a whole.

Regards,

Kevin P. Orton
31414 SE 97th Street
Issaquah, WA 98027
Home; 425)222-5393
cembad@yahoo.com

From: "McCall, Karen J" <KJM@LIQ.WA.GOV>
To: k. orton <cembad@yahoo.com>
Sent: Tuesday, May 28, 2013 11:23 AM
Subject: RE: medical issues

Kevin,

I just left you a voice mail. I don't seem to be able to get my point across to you regarding your questions. As I have said before, I-502 does not change medical marijuana. If you are a medical marijuana patient now growing your own plants for medical use you can continue to do so. Nothing has changed.

The marijuana producer licenses are for recreational marijuana only.

Karen

From: k. orton [mailto:cembad@yahoo.com]
Sent: Tuesday, May 28, 2013 11:18 AM
To: McCall, Karen J
Subject: Re: medical issues

Karen,

,As I understand the new proposals the right to grow will be taken away from me and given ONLY to those BIG operations who can afford the grow permits.

This is not what the people who voted for medical use intended.

Please assist me in ensuring that the legitimate medical user can maintain the right to grow our own medication economically.

Thank You.

Regards,

Kevin P. Orton
31414 SE 97th Street
Issaquah, WA 98027
Home; 425)222-5393
cembad@yahoo.com

From: "McCall, Karen J" <KJM@LIQ.WA.GOV>
To: k. orton <cembad@yahoo.com>
Sent: Tuesday, May 28, 2013 8:43 AM
Subject: RE: medical issues

Kevin,

I am not well versed in the medical marijuana laws but I think you are allowed to grow your own plants if you are a medical marijuana patient. Initiative 502 did not change anything about medical marijuana. It is for recreational marijuana only.

Karen

From: k. orton [<mailto:cembad@yahoo.com>]
Sent: Monday, May 20, 2013 6:30 PM
To: McCall, Karen J
Subject: Re: medical issues

Karen,

Thank you for your response.

However you did NOT address my issue.

Retaining the right to grow our own medication is paramount to being able to maintain and manage our own health care. As I said funds are limited and without the right to grow leagally? I will grow illeagally and the state can support my wife and this old man when they arrest and prosecute me for it. As I said. I already live in a prison of a body so what the state will do to me is of little consequence to me personally but, it will effect society as a whole.

Regards,

Kevin P. Orton
31414 SE 97th Street
Issaquah, WA 98027
Home; 425)222-5393
cembad@yahoo.com

From: "McCall, Karen J" <KJM@LIQ.WA.GOV>
To: k. orton <cembad@yahoo.com>
Sent: Monday, May 20, 2013 11:49 AM
Subject: RE: medical issues

Kevin,

You will still be able to obtain you medical marijuana from the medical marijuana businesses. Recreational marijuana does not affect the medical marijuana industry.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: k. orton [mailto:cembad@yahoo.com]
Sent: Thursday, May 16, 2013 10:44 PM
To: rules
Subject: medical issues

My wife and I are disabled and living on SS disability she has MS and I have nerve damage w/ amputations from a MRSA infection I contracted from a doctors office. If you take away my ability to grow our own medication then we be forced to resume taking prescription NARCOTIC painkillers with an increased cost to our health care because of the problems associated with long term ingestion of narcotics.

Not ALL scripts are bogus. Our health care provider is one of THE TOP CERTIFIED pain management specialist in the state.

To impose rules on us as you would a commercial venture is ridiculous, get a grip!! There is NO WAY I would be able to afford the price fo our preferred medication if we have to purchase it under the proposed 'legalized' rules.

So given the choice of going back on narcotic pain meds or illegally growing? You will force this old man into becoming exactly which you are trying to eliminate, the criminal element from MMJ use.

Get a clue please and reconsider what it is like for us legitimate medical users.

Regards,

Kevin P. Orton
31414 SE 97th Street
Issaquah, WA 98027
Home; 425)222-5393
cembad@yahoo.com

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, May 28, 2013 11:24 AM
To: 'k. orton'
Subject: RE: medical issues

Kevin,

I just left you a voice mail. I don't seem to be able to get my point across to you regarding your questions. As I have said before, I-502 does not change medical marijuana. If you are a medical marijuana patient now growing your own plants for medical use you can continue to do so. Nothing has changed.

The marijuana producer licenses are for recreational marijuana only.

Karen

From: k. orton [<mailto:cembad@yahoo.com>]
Sent: Tuesday, May 28, 2013 11:18 AM
To: McCall, Karen J
Subject: Re: medical issues

Karen,

,As I understand the new proposals the right to grow will be taken away from me and given ONLY to those BIG operations who can afford the grow permits.

This is not what the people who voted for medical use intended.

Please assist me in ensuring that the legitimate medical user can maintain the right to grow our own medication economically.

Thank You.

Regards,

Kevin P. Orton
31414 SE 97th Street
Issaquah, WA 98027
Home; 425)222-5393
cembad@yahoo.com

From: "McCall, Karen J" <KJM@LIQ.WA.GOV>
To: k. orton <cembad@yahoo.com>
Sent: Tuesday, May 28, 2013 8:43 AM
Subject: RE: medical issues

Kevin,

I am not well versed in the medical marijuana laws but I think you are allowed to grow your own plants if you are a medical marijuana patient. Initiative 502 did not change anything about medical marijuana. It is for recreational marijuana only.

Karen

From: k. orton [<mailto:cembad@yahoo.com>]
Sent: Monday, May 20, 2013 6:30 PM
To: McCall, Karen J
Subject: Re: medical issues

Karen,

Thank you for your response.

However you did NOT address my issue.

Retaining the right to grow our own medication is paramount to being able to maintain and manage our own health care. As I said funds are limited and without the right to grow leagally? I will grow illeagally and the state can support my wife and this old man when they arrest and prosecute me for it. As I said. I already live in a prison of a body so what the state will do to me is of little consequence to me personally but, it will effect society as a whole.

Regards,

Kevin P. Orton
31414 SE 97th Street
Issaquah, WA 98027
Home; 425)222-5393
cembad@yahoo.com

From: "McCall, Karen J" <KJM@LIQ.WA.GOV>
To: k. orton <cembad@yahoo.com>
Sent: Monday, May 20, 2013 11:49 AM
Subject: RE: medical issues

Kevin,

You will still be able to obtain you medical marijuana from the medical marijuana businesses. Recreational marijuana does not affect the medical marijuana industry.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: k. orton [<mailto:cembad@yahoo.com>]
Sent: Thursday, May 16, 2013 10:44 PM
To: rules
Subject: medical issues

My wife and I are disabled and living on SS disability she has MS and I have nerve damage w/ amputations from a MRSA infection I contracted from a doctors office. If you take away my ability to grow our own medication then we be forced to resume taking prescription NARCOTIC painkillers with an increased cost to our health care because of the problems associated with long term ingestion of narcotics.

Not ALL scripts are bogus. Our health care provider is one of THE TOP CERTIFIED pain management specialist in the state.

To impose rules on us as you would a commercial venture is ridiculous, get a grip!! There is NO WAY I would be able to afford the price fo our preferred medication if we have to purchase it under the proposed 'legalized' rules.

So given the choice of going back on narcotic pain meds or illegally growing? You will force this old man into becoming exactly which you are trying to eliminate, the criminal element from MMJ use.

Get a clue please and reconsider what it is like for us legitimate medical users.

Regards,

Kevin P. Orton
31414 SE 97th Street
Issaquah, WA 98027
Home; 425)222-5393
cembad@yahoo.com

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, May 28, 2013 11:26 AM
To: 'Kind Farmers'
Subject: RE: Questions regarding I-502 - Banking/Financier

KF,

A bank would not need to submit any information as a financier. They are a business. Only personal financiers are required to submit personal/criminal history statements and fingerprints. The answer to your second question is "No".

Karen

From: Kind Farmers [<mailto:kindfarmers@live.com>]
Sent: Tuesday, May 28, 2013 11:11 AM
To: McCall, Karen J
Subject: RE: Questions regarding I-502 - Banking/Financier

Okay, thanks for the reply. If by chance a bank is willing to loan money to us locally, how will they submit an application as a financier? And while I'm asking, do you know of any private financiers who have shown interest in investing in cannabis?

Thanks, KF

From: McCall, Karen J [<mailto:KJM@LIQ.WA.GOV>]
Sent: Tuesday, May 28, 2013 9:40 AM
To: Kind Farmers
Subject: RE: Questions regarding I-502 - Banking/Financier

KF,

I have no information on banks and what they will and won't do. We have been told that banks will not do business with marijuana business because marijuana is illegal at the federal level. I know of no financial institutions that will work with any marijuana business.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Kind Farmers [<mailto:kindfarmers@live.com>]
Sent: Monday, May 27, 2013 5:12 PM
To: rules
Subject: Questions regarding I-502 - Banking/Financier

Hello,

We are considering applying for an application this September but have some questions about financing. I know most banks might not be willing to work with clients because of federal pressure, but I imagine that some have to be willing to make loans for people who are interested in opening up a new cannabis businesses in WA. I was wondering how the

bank will deal with the financier terms by submitting fingerprints and such? To me the bank will make the loan, not an individual and so I was wondering how it would work if we were able to secure a loan from a local bank?

Also, do you know of any financial institutions that have an interest in helping out people such as ourselves.

Thanks for all your time and hard work on drafting the rules for I-502! We look forward to your response.

KF

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, May 28, 2013 11:19 AM
To: 'Harley Lever'
Subject: RE: Draft Rules Feedback

Harley,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

All of your suggestions except outdoor growing requires a legislative change.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Harley Lever [mailto:Harley@wesprout.com]
Sent: Thursday, May 23, 2013 10:57 PM
To: rules
Subject: Draft Rules Feedback

Washington State Liquor Board,

Here is my feedback regarding the rules:

Allow Outdoor Grows:

- Outdoor grows can be secured through location selection, security fences, cameras, motion detectors, and security personnel.
- They reduce energy usage and carbon dioxide emissions.
- Outdoor growing provides economies of scale in order to reduce costs and compete with the Black Market.

Collapse the 3-Tier System to a 2-Tier System:

- The 3 Tier System forces growers to turn over their product before production is complete. The drying and curing process are MORE IMPORTANT than the growing process. Knowing the strains specific drying characteristics are very important to proper drying and curing.
- A 2 Tier system will better compete from a price perspective with the black market and likely produce more revenue than offering a more expensive product tax at 3 levels. \$270/oz is far more attractive than the \$375/Oz your current tax plan will yield. The prices will be even more expensive if you do not allow outdoor grows as electricity costs, cooling costs, and ventilation costs of operating much smaller, light-dependent, facilities create significantly higher costs.
- A 2 Tier System is easier to manage. Having a 3 tier system adds an extra layer of complexity. By lowering the governments costs of operation, you can maximize the use of the tax revenues for other non-administrative uses.

Allow Hash, Oil, and other Marijuana derivatives to be Produced

- Hash, oil, and other marijuana-based products have been safely produced and consumed and there is little to no legitimate reason to not produce these items. Hash is simply the trichomes from the marijuana flower.
- Hash produces more revenue for the grower which helps insure the viability of the business.
- Hash will increase state tax revenue. The more products a grower makes and sells, the more tax revenue the state enjoys.

Remove Transit-Center from Prohibited Facilities

- As defined now, most bus stops will be considered a "Transit Center" as most of them have over-hangs.

Reduce Distance from 1000 ft. to 500 ft. from Prohibited Structures

- On face, this law make little to no sense. Children are bombarded with alcohol advertisements from the moment they wake up until the go to bed. From billboards to commercials, and at every professional sporting event they go to. The idea that we are protecting our children from any of this is frankly absurd.
- At 1000 ft. there are very few areas in Seattle that will allow marijuana stores. This leaves a giant opportunity for the black market to thrive where access is difficult.
- Marijuana tourism is going to yield a significant boost to tourism in the state. Making marijuana difficult to access to tourists will hurt both the business owner and the state through lost revenues.

Allow Delivery

- Allow marijuana delivery in state.
- We do this with wine already and the technology exists to insure safe delivery.
- Delivery will mitigate the issues with the 1,000 foot distance requirements for certain structures.

Thank you for your time,

Harley

Harley Lever

President

480-215-2011

WeSprout Solutions

Harley@WeSprout.com

www.WeSprout.com



Harley Lever

President

480-215-2011

Harley's Eye Photography

Harley@HarleysEye.com

www.HarleysEye.com



McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, May 28, 2013 11:16 AM
To: 'Point Bud'
Subject: RE: WAC 314-55-015

Mike T,

The licensed premises is the location address licensed by the board. The board will not approve any marijuana license for a location where law enforcement access, without notice or cause, is limited so that rules out a family home.

Karen

From: Point Bud [<mailto:pointbud@live.com>]
Sent: Friday, May 24, 2013 7:28 AM
To: rules
Subject: WAC 314-55-015

WAC 314-55-015, paragraph 11, indicates licensees '...not allow the consumption of marijuana or marijuana-infused products on the licensed premises..'.

What is the definition of the 'licensed premises'? Does this just pertain to the building the licensee occupies or the entire property where it is situated? For licensees operating as a cottage industry, there should be a distinction between the work area and the family home.

MikeT

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, May 28, 2013 11:12 AM
To: 'Point Bud'
Subject: RE: WAC 314-55-015

Mike T,

An example of "a location within another business" is a bank within a grocery store. A current business cannot lease space to a person to conduct a marijuana business.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Point Bud [<mailto:pointbud@live.com>]
Sent: Friday, May 24, 2013 7:52 AM
To: rules
Subject: WAC 314-55-015

WAC 314-55-015, paragraph 7, indicates the restrictions for a retailer, as '...a location within another business...'. Does this include other buildings or businesses on the same property, or does the 'retailer' have to be the only business within the perimeter of the property?

If other, separate businesses, are allowed on the same legal property, there should be a restriction when another business deals, in anyway, with alcohol.

MikeT

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, May 28, 2013 11:09 AM
To: 'Jim Wolfe'
Subject: RE: Question regarding multiple applications

Jim,

I have answered your questions below.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Jim Wolfe [<mailto:jimwolfe4@comcast.net>]
Sent: Friday, May 24, 2013 9:02 AM
To: rules
Subject: Question regarding multiple applications

Good morning,

Thank you for taking a moment to clarify a couple of things regarding 502 applications.

If someone is a shareholder in more than one corporation, may each of those corporations submit an application? Yes.
May that person also submit an application as a sole proprietorship? Yes.

If an applicant has available to him/her more than one potential address of operation/retail, must that applicant submit more than one application, or may the applicant provide more than one address on a single application? Each application can only have one address. Only one applicant per location address.

Thank you in advance for your help. We look forward to working with the Washington State Liquor Control Board to roll out groundbreaking changes in a responsible, professional, and civic minded manner.

Jim Wolfe
Vancouver, Washington
(360) 852-5007

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, May 28, 2013 11:07 AM
To: 'travis burt'
Subject: RE: outdoor exclusion

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: travis burt [<mailto:xmobotx@yahoo.com>]
Sent: Friday, May 24, 2013 10:31 AM
To: rules
Subject: outdoor exclusion

For the board,

As an interested party in the implementation of initiative 502, I have intentions of applying for the producer license. However, my plan has been based on an outdoor operation. The board's representation of a preliminary set of rules which excludes outdoor operations ignites smoldering concerns that the rules are being structured to eliminate small-scale operations.

Mostly, the expense of establishing a compliant facility are far greater than can reasonably be recouped by a small-scale operation. I get the definitive impression that "the will of the people" as regards this issue is that small-scale farms could be implemented by individuals who would benefit financially in a way which is meaningful -as opposed to large corporations might report larger numbers on their financials. With the recent issues relevant to national and local economy, many may have viewed this as an opportunity to pull themselves up "by the bootstraps."

My interest has been in applying a "ley rotation" strategy. With this application, sections of the field would have diverse crops rotated through from season to season. For the "cash crop" season of rotation, a hoop house greenhouse could be employed for optimizing the environment, light deprivation for flower cycle and, for visual security purposes. However w/ this strategy, the greenhouse needs to be mobile. The advantages are that diverse crops can be capitalized on for nutrient inputs, soil development and possibly, diverse cash crops. This is just one of many effective options which are excluded by the preliminary wording of the rule set.

I also observed that the requirements for retaining recorded data from the camera/surveillance system are strangely disproportionate to that requirement as it pertains to financial institutions including casinos. My concern is that a system which has the capability of storing that volume of information would once again be prohibitive to the small-scale grower.

Something which has been alluded to is the possibility the state run stores would be dealing in "homogenized, granular" product. I am also concerned that the state's stores would not be competitive with the black market if offering a form unfamiliar to cannabis advocates. It is noteworthy that many of these people are wary of processed goods in general.

Again, my concerns are specifically that this model is being generated in such a fashion that the small-scale grower will be excluded and/or so that corporate interests may be served rather than the "will of the people."

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, May 28, 2013 11:01 AM
To: 'randy lais'
Subject: RE: Suggestions and questions

Randy,

Thank you for your comments on I-502 implementation. They will be considered as we draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

I have answered your questions below in red.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: randy lais [<mailto:tsitoys@gmail.com>]
Sent: Friday, May 24, 2013 2:13 PM
To: rules
Subject: Suggestions and questions

My name is Randy Lais.

After reading the draft rules, I do have a few suggestions and frankly a few more questions. As you read them, you will find that they can interpreted as a question or suggestion.

1. Who sets price at the Producer and Processor levels. Is it possible for a "highly funded" Producer or Processor to lower their product sale costs to earn the market share away from the other Producers and Processors and as a result, create future price control over the market?. (Monopoly) The market will determine the price.
2. Will Producers and Processors sell their product with a state wide Retailer market or will they be held to a regional market area? Producers will sell to processors and processors will sell to retailers. They will not be held to a regional market area.
3. Can the warnings and product specifications be printed on the sales receipt and or perhaps, the paper or plastic bag the customer will carry their product in? The sample label in the initial draft proposed rules show which warnings must be printed on the label. All other warning can be in an attachment that is given to customers.
4. Can a location (Retailer) fly a flag with the Washington State Liquor Control Board Icon Logo on the premises? No. Retail establishments are private businesses, not state owned and operated.

5. Perhaps the application process could be streamlined and more efficient if the qualifications, experience and financial requirements that will be needed to earn a Producer, Processor or Retailer License were posted in advance. This could insure that the highest percentage of all applicants would be extremely qualified.

6. What method will/can be put in place to insure the product that is sold at a Retailer won't be confused with product that has been purchased off the street and vice versa? Can a product be produced that is exclusive to our Producers and as such, be easily identified in cases where this issue occurs? Difficult resolution. All product sold by a marijuana retailer licensee will be in a package that has the State of Washington seal as shown in the initial draft proposed rules.

It is my desire to submit an application to the Washington State Liquor Control Board and to represent your organization by becoming a future "Retailer". I hold both a Washington State Gambling License and a License to Operate a Washington State DOL Sub Agency. My qualifications and back ground history is exemplary. Look forward to working with you in the future.

Randy T. Lais
253-405-4304

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, May 28, 2013 10:54 AM
To: 'Justin Connors'
Subject: RE: Implementation of I-502 - Insurance Requirements

Justin,

The initial draft proposed rules have a section on insurance requirements. The board has not been in contact with any insurance companies. At this time there is no limit required.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Justin Connors [<mailto:justin@ckspecialty.com>]
Sent: Friday, May 24, 2013 5:15 PM
To: rules
Subject: Implementation of I-502 - Insurance Requirements



We are a specialist insurer of Medical Marijuana Dispensaries in California, Colorado and Washington. The initial draft requires product liability to obtain and maintain a license. I am not aware of a market for product liability for manufacturers of marijuana. There are no limits of liability specified on the draft rules. Product liability for marijuana would be similar for product liability for tobacco manufacturers - Insurers would have to respond to cancer claims, weight gain/obesity, memory loss, etc. I do not believe there are any insurers offering product liability to tobacco manufacturers. I know of one market for Marijuana infused goods such as cookies, brownies, etc. I know of no market covering marijuana manufactures where the product is smoked.

- 1) Has a committee searched and obtained quotes from Insurance carriers for Product Liability and determined the cost/availability?
- 2) What limits will be required?

Justin B. Connors | Ck Specialty Insurance Associates, President
3150 Almaden Expressway #252 | Borelli Building | San Jose, CA 95118
P: 800.411.0083 Ext. 1560 | F: 408.227.7732 | E: justin@ckspecialty.com
www.ckspecialty.com

PLEASE SEND BIND ORDERS TO: binders@ckspecialty.com

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McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, May 28, 2013 10:52 AM
To: 'David Kerr'
Subject: RE: Residency Requirement

David,

Thank you for your comments on I-502 implementation. They will be considered as we draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: David Kerr [<mailto:david@dkerrlaw.com>]
Sent: Friday, May 24, 2013 7:46 PM
To: rules
Subject: Residency Requirement

I request the Liquor Control Board clarify the requirements for establishing residency for the I-502 license application. My suggestion is that the LCB use the Washington Department of Revenue residency definition so that the definition of residency is consistent for LCB and DoR purposes.

Washington State residency definition

http://dor.wa.gov/content/contactus/con_residdef.aspx

Persons are considered residents of this state for sales and use tax purposes if they take actions which indicate that they intend to live in this state on more than a temporary or transient basis. A person may be considered a resident of this state even though the person is a resident of another state.

The Department of Revenue presumes that a person is a resident of this state if he or she does any of the following:

- Maintains a residence in Washington for personal use;
- Lives in a motor home or vessel which is not permanently attached to any property if the person previously lived in this state and does not have a permanent residence in any other state;
- Is registered to vote in this state;
- Receives benefits under one of Washington's public assistance programs;
- Has a state professional or business license in this state;
- Is attending school in this state and paying tuition as a Washington resident or is a custodial parent with a child attending a public school in this state;
- Uses a Washington address for federal or state taxes;
- Has a Washington State driver's license; or
- Claims Washington as a residence for obtaining a hunting or fishing license, eligibility to hold public office or for judicial actions.

Persons may rebut the presumption of residency if they provide other facts which show that they do not intend to reside in this state on either a temporary or permanent basis. A Washington resident who intends to move at a future date, however, will be considered a Washington resident.

David P. Kerr
206.234.5819
david@dkerrlaw.com
www.dkerrlaw.com

This email is privileged and confidential. Any unauthorized use is expressly prohibited.

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, May 28, 2013 10:51 AM
To: 'Noah zemke'
Subject: RE: Initial Draft Rules

Noah,

The initiative did not allow for the use of stock waste for hemp. The board cannot write rules regarding something not allowed in the law.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Noah zemke [<mailto:seenoah@hotmail.com>]
Sent: Friday, May 24, 2013 8:53 PM
To: rules
Subject: Initial Draft Rules

I have been reading through the initial draft rules and wondering about the economic possibilities of using the stock waste for creating hemp. These portions are vacant of THC and could lead to additional revenue thru the marketing of hemp. My concern is that there is no portion which allows for the use of the stocks for hemp.

Noah Zemke

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, May 28, 2013 10:49 AM
To: 'Dusty Miller'
Subject: RE: Security solution for I 502

The initial draft proposed rules have a section on transportation of product. The board believes we have addressed security and a suitable plan for delivery of product.

Karen

From: Dusty Miller [<mailto:jakebandit110@gmail.com>]
Sent: Friday, May 24, 2013 9:06 PM
To: McCall, Karen J
Subject: Re: Security solution for I 502

Yes this is true but still those questions are still raised. Is a proposed security and coordination plan in place for deliveries?

On Monday, May 20, 2013, McCall, Karen J wrote:

The law does not allow third party transport of marijuana. Only the marijuana licensee or their employees are allowed to transport product. Legislation is required to allow third party transport.

Karen McCall

Rules Coordinator

WSLCB

360-664-1631

From: Dusty Miller [<mailto:jakebandit110@gmail.com>]
Sent: Sunday, May 19, 2013 12:07 PM
To: rules
Subject: Security solution for I 502

Has any thought been given on what would happen if a shipment of Marijuana was stolen? Do you honestly think you can ship millions of dollars of product and cash around the state? Especially when the people that do it now are criminals? Do u think they're going to just let you take millions out of their pockets? Would anyone be reimbursed if a shipment was stolen? How will the retail location get the product it needs in the future? These questions and uncertainties can all be addressed with one simple solution. Give them to someone

else...Give these questions to a Afghanistan veteran who is trained in security, give a United States Marine the job of protecting this idea. You must also know that if Washington fails I 502 and we show that there is no way to legalize Marijuana then the rest of the country will still follow the old ways of thinking. We must show that the greatest state in the United States can conjure an idea and put that idea into practice and make that idea work to profit the people of this great state. Therefore showing the country that this plant isn't evil and it can work to help a lot of things in this broken system we have. But it all hinges. Can the processors and the retail locations get the product they need? My name is Dustin Miller I'm a 27 year old Marine who chucks tires around for a major tire distributor for a living. My skills as a security specialist are not being used at all at my job and you've given me a chance to use them. Attached is a proposed business plan that is up for plenty of interpretation and changes if need be. Please take a moment to read it and pass it on to whom ever can fully appreciate and respond to the email. Thank you

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, May 28, 2013 10:47 AM
To: 'T.K. Backman'
Subject: RE: Initiative 502 Initial Draft Rules - Comment

T.K.

Thank you for your comments on I-502 implementation. They will be considered as we draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: T.K. Backman [<mailto:tkb@arioch.com>]
Sent: Friday, May 24, 2013 11:16 PM
To: rules
Subject: Initiative 502 Initial Draft Rules - Comment

As a interested non-drug user, I have the following comments on your rule-making for implementation of Initiative 502.

Your rules regarding "hours of service" seem both arbitrary and without basis in either the Initiative or RCW laws.

While you certainly have been effective at promoting these sorts of "blue laws" in the past for liquor sales, they seem very anachronistic at this point. Not everyone works 9-5 Monday through Friday, AND not is everyone required to be "in bed" between the hours of 2-6AM.

Just like other anachronistic law making regarding what can be done on the Sabbath, attempting to limit the hours of operation of Marijuana retail outlets is beyond what is actually needed, required by law, expected by citizens and is an unnecessary intrusion into both the habits of consumers and the operations of businesses. It is not your business to tell citizens when they must sleep or shop.

Please remove any such blue-law like constructs from your rule making in the "Initiative 502 Initial Draft Rules".

T.K. Backman
P.O. Box 968
Carnation, WA

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, May 28, 2013 10:45 AM
To: 'Eric'
Subject: RE: 502 initial draft suggestions

Eric,

Thank you for your comments on I-502 implementation. They will be considered as we draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

The sale of extracts is not allowed under Initiative 502. A legislative change is required to allow the sale of extracts. Importing and exporting of marijuana is prohibited in the initiative. Marijuana is still illegal in all states except Washington and Colorado.

The initiative did not affect the medical marijuana industry in Washington state.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

-----Original Message-----

From: Eric [<mailto:erickalia90@gmail.com>]
Sent: Saturday, May 25, 2013 5:33 PM
To: rules
Subject: 502 initial draft suggestions

Dear lcb:

Here are a few suggestions based on proposals:

To not allow hashish or concentrates would be problematic. First of all, all of the users of "dabs" represent half or more of the users and products coming to market. The creation of dabs is very dangerous and should be made and sold safely, because people shouldn't chance it. Besides, a tremendous amount of people will just stay in the underground until explosions are as epidemic as Meth labs were!

Further, I believe some amount of importing should be allowed. Much of the best genetics are created in California, but end up in Amsterdam. Hashish is a main export in many countries, and is a much desired commodity.

I also believe that the use of imports from supply chains in Mexico, Nepal, India, and Netherlands, are the future and some concession of import/ export is necessary. When legalization comes to other states, they may be able to do the importation, while red tape accumulates here.

There seems to be no way for inmates who were arrested with an ounce or less to be released from where I live.

Further, the medical industry is dying where recreational use is poised to flourish. Its important to note that if no special accommodations are made, medical outlets Will be forced to follow 502's regulation!

As far as licenses are concerned, adding " options" which cap at 5,000 or less and could include insurance, security, space, or even basic licenses, to which a variety of types of growers and vendors can exist, producing more revenues.

I hope that you have best of luck.

Sincerely,
Eric kalia

Eric

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, May 28, 2013 10:40 AM
To: 'cmountaindave@aol.com'
Subject: RE: signs and free market questions

Thank you for your comments on I-502 implementation. They will be considered as we draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

The sign must be posted on the door so minors do not enter the premises. Producers are not allowed to sell directly to retailers. Producers are only allowed to sell to processors or other producers. The board will not be regulating the prices. The market will determine the price. Processors are allowed to purchase product from as many producers they choose. Marijuana will not have a fixed price like gold or wheat. There will be no central clearing house for marijuana. Producers will do their own selling to processors.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: cmountaindave@aol.com [<mailto:cmountaindave@aol.com>]
Sent: Sunday, May 26, 2013 9:17 AM
To: rules; "<rules">@liq.wa.gov
Subject: signs and free market questions

As a future producer, I will be trying to keep my operation as low key and non obvious as possible for security reasons. In addition to your security and video surveillance rules, I intend to disguise the operation to the point that if you walk in the building's door you will think it is used for storage with no visible lights or plants. I also will be taking action for ventilation noise and plant odor abatement

Therefore I was rather shocked that I must put a sign on the outside of the building saying " no one under 21 allowed inside." I feel this will draw undue attention to my operation as people will wonder just what is going on inside when they see the sign

Is it possible to have the sign just inside the building so that it is clearly visible upon opening the door instead?

Other questions. What happens to my crop if a retailer says sorry I have enough, I'm not buying , or that he only deals with certain producer/ processors

Or will it be like gold or wheat. A price fixed daily and whoever brings a crop in gets paid that price regardless Will the State be regulating the price to prevent a glut and price crash? Or will it simply be a free market where supply and demand dictate retail and wholesale prices. Will the supply be limited - by limiting the amount that can be grown by each producer- or will a glut be allowed to happen

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, May 28, 2013 10:22 AM
To: 'Bob@saturndesign.com'
Subject: RE: State marijuana regulations

Robert,

Thank you for your comments on I-502 implementation. They will be considered as we draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

I-502 did not allow growing marijuana for personal use. A legislative change is required to change the law. Medical marijuana is unchanged. The initiative did not address medical marijuana.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Robert Huskey [<mailto:Bob@saturndesign.com>]
Sent: Saturday, May 25, 2013 6:23 PM
To: rules
Subject: State marijuana regulations

Hello Liquor Control Board,

I am offering the following comments regarding rules for implementation of Washington state's new marijuana initiative 502. I'm addressing two issues.

Section WAC 314-55-075 (1) states (paraphrasing) that all marijuana must be produced indoors. Many producers will want to grow marijuana indoors because of the level of control over growing conditions. However, I believe this rule is misguided for the following reasons.

- 1) Indoor cultivation is the most energy intensive approach to cultivation and the option of lower energy, sustainable approaches should be kept available to producers.
- 2) Sustainable agriculture requires integration within an ecosystem. This rule precludes sustainable agricultural practices.
- 3) The language of this rule mischaracterizes the growing of a plant as a factory operation. It should be characterized as an agricultural operation. "Marijuana production" should instead be marijuana growing or raising. Cars refrigerators and furniture are produced. Corn, tomatoes and marijuana are grown or raised. It is a biological process, not a manufacturing process.

The Law should be amended in these rules to allow individuals to grow marijuana for their own use, be it decorative, medical, or recreational. The law is currently inconsistent with several aspects of basic civil rights (privacy, bodily integrity, freedom of expression), the medical marijuana rules that allow personal cultivation, and its own Raison D'être.

The rules implementing initiative 502 should address this. Selling it would require a license but personal growing should be regulated the same way a potted plant (vaguely ironic pun intended) is or a small home garden is. IE not regulated.

Thank you for your consideration of these comments.

Regards,

Robert Huskey
Seattle resident

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, May 28, 2013 10:17 AM
To: 'Michael Lyman'
Subject: RE: Retail license

Michael,

More information will be coming out on marijuana retail licenses. The board is in the process of determining how many retail licenses will be allowed in each city and county. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

I have no information on banks other than what we have heard. It is my understanding that banks are not doing business with marijuana businesses due to the fact that marijuana is still illegal federally.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Michael Lyman [mailto:m_lyman@live.com]
Sent: Saturday, May 25, 2013 8:47 PM
To: rules
Subject: Retail license

Hello, I was reading the initial draft rules and it says something about applying for an application within 30 days of the initial draft rules, or something like that, I was wondering if you could help me with what I am suppose to do if one is interested in applying for a marijuana retail license. Also, I you know, will banks be more willing to accept accounts from marijuana businesses? Thank you very much for your help with this matter!

Michael Lyman

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, May 28, 2013 9:56 AM
To: 'John Kartman'
Subject: RE: One question one comment

John,

A person must be 21 years of age or older to have any involvement in a marijuana business. Retail licensees must sell responsibly. We will consider your comment as we continue to draft the proposed rules to implement the initiative.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: John Kartman [<mailto:jkartman@hotmail.com>]
Sent: Sunday, May 26, 2013 3:41 PM
To: rules
Subject: One question one comment

Dear LCB

Can a person that will be 20 this year, be an investor in a producer operation, as long as he does not participate until he is 21?

At retail stores, it states they could be open until 2:00am, what if a customer entered that was notably under the influence of liquor, does the vendor have the right to deny sale or even is obligated to not make a sale to a ebriated person.. Just a comment but seems like it should be considered to give clear directions to the retail vendor.

Sincerely John Kartman

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, May 28, 2013 9:52 AM
To: 'Poreps'
Subject: RE: I-502

Ayla,

The board will begin accepting applications 30 days after the rules are adopted by the board. That date should be September 1, 2013, if the rulemaking stays on the timeline. Master Business Applications will be on the website.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

-----Original Message-----

From: Poreps [<mailto:poreps@yahoo.com>]
Sent: Monday, May 27, 2013 1:17 AM
To: rules
Subject: I-502

Hello,

Is there a specific date in September when applications will be accepted? Also will they be online or do we need to contact you to get the application for producer, processor and retail licenses? Thank you.

Ayla

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, May 28, 2013 9:49 AM
To: 'Greta Carter'
Subject: RE: recommendations to 502 draft rules

Greta,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Initiative 502 did not allow extracts to be sold to consumers. A legislative change is required to allow extracts to be sold to consumers.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Greta Carter [<mailto:greta.carter@yahoo.com>]
Sent: Monday, May 27, 2013 11:59 AM
To: rules
Cc: Simmons, Randy L; Steenhout, Michael L
Subject: recommendations to 502 draft rules

Esteemed Board,

Overall wow! Congratulations on an amazing accomplishment,

I consolidated the comments and concerns from many of the industry leaders I solicited input from and who I have a great respect for in the industry. We tracked those changes so that you can easily identify our recommendations in your consideration process.

In summary, the top 4 items of concern for us are:

- 1) The omission of concentrates will further put mmj stores in competition with 502 while discouraging safe practices as home processing will continue since the demand for concentrates is high and not only in WA but across the country -demand will not go away. We believe the safety controls you are putting in relative to processing are excellent and the risk to the consumer are proven to be non existent so we are baffled a bit why you would deny access.
- 2) We are proposing a proven cost effective design around the outdoor gardens that is environmentally friendly and ensures better security than what was proposed. These changes will allow the many WA Family Farms a way to save their farms.
- 3) Increasing the milligrams from 100 to 200 in edibles and a must for tinctures to be effective.

4) The application process/specifically detailing the lottery section with proposed modifications so as to learn from the lessons experienced in Arizona's failed lottery system (it resulted in multiple law suits).

Please don't hesitate to contact me for further discussion or for any group sessions you might be interested in being part of. We are in eager anticipation of next steps.

Respectfully,

Greta M Carter
Political Activist and cannabis business owner
Founder and past Executive Director of the Coalition for Cannabis Standards and Ethics

Cell: 904.704.1047

| 5267 University Way NE
| Seattle, WA 98105
| 206.466.1766 -work

Draft WAC 314-55

Changes submitted by Greta Carter Activist/Cannabis Business owner (206.466.1766) and those she represents

5/25/13

Marijuana Licenses, Application Process, Requirements, and Reporting

New Section WAC 314-55-005 What is the purpose of this chapter?

The purpose of this chapter is to outline the application process, qualifications and requirements to obtain and maintain a marijuana license and the reporting requirements for a marijuana licensee.

New Section. WAC 314-55-010 Definitions

Following are definitions for the purpose of this chapter. Other definitions are in RCW 69.50.101.

- (1) "Applicant" or "marijuana license applicant" means any person or business entity who is considered by the board as a true party of interest in a marijuana license, as outlined in WAC 314-55-035.
- (2) "Business name" or "trade name" means the name of a licensed business as used by the licensee on signs and advertising.
- (3) "Child care center" means a licensed educational environment with curriculum usually associated with preschools.
- (4) "Elementary school" means a school for early education that provides the first four to eight years of basic education and recognized by the Washington State Superintendent of Public Instruction.
- (5) "Financier" means any person or entity who has made or will make an investment in the licensed business of more than ten thousand dollars. A "financier" can be someone who provides money as a gift, someone who loans money to the business and expects to be paid back the amount of the loan without interest, or someone who invests money into the business expecting a percentage of the profits, but accepts the risk that there may not be a full return on the investment. These persons or entities shall submit appropriate investigation level "financier" financial documents.
- (6) "Game arcade" means an entertainment venue featuring primarily video games, simulators, and/or other amusement devices.
- (7) "Library" means an organized collection of resources made accessible to the public for reference or borrowing.
- (8) "Licensee" or "marijuana licensee" means any person or entity that holds a marijuana license, or any person or entity who is a true party of interest in a marijuana license, as outlined in WAC 314-55-035.
- (9) "Lot" means either of the following:
 - a. the flowers from one or more marijuana plants of the same genetic strain. A single lot of flowers cannot weigh more than two pounds; or

b. the trim, leaves, or other plant matter from one or more marijuana plants. A single lot of trim, leaves, or other plant matter cannot weigh more than six pounds.

(10) "Perimeter" means a property line that encloses an area.

(11) "Playground" means a public outdoor recreation area for children, usually equipped with swings, slides, and other playground equipment, owned and managed by a city or county.

(12) A Processor is a WA licensed entity approved to process the cannabis plant into products consumed by the public. A processor will create and distribute the end product based on the laws as defined herein.

~~(11)~~(13) Producer is a WA licensed entity approved for the growing and packaging of the cannabis plant with the intent to distribute it within the law as described herein.

~~(12)~~(14) "Public park" means an area of land for the enjoyment of the public, having facilities for rest and recreation (such as a baseball diamond or basketball court), owned and managed by a city, county, state, or federal government.

~~(13)~~(15) "Public transit center" means sheltered waiting areas located where several bus routes converge. They serve as efficient hubs to allow bus riders from various locations to assemble at a central point to take advantage of express trips or other route to route transfers.

(16) "Recreation center or facility" means a supervised center that provides a broad range of activities and events.

~~(14)~~(17) Retail Outlet is a WA licensed entity approved to distribute cannabis products as limited and defined within the law as described herein.

~~(15)~~(18) "Secondary school" means a high and/or middle school: a school for students who have completed their primary education, usually attended by children in grades 7 to 12 and recognized by the Washington State Superintendent of Public Instruction.

New Section. WAC 314-55-015 General information about marijuana licenses.

(1) A person or entity must meet certain qualifications to receive a marijuana license, which are continuing qualifications in order to maintain the license.

(2) All applicants and employees working in each licensed establishments must be at least twenty-one years of age.

(3) Minor restricted signs must be posted at all marijuana licensed premises.

(4) A marijuana license applicant may not exercise any of the privileges of a marijuana license until the board approves the license application.

(5) The board will not approve any marijuana license for a location where law enforcement access during operational hours, without notice or cause, is limited.

(6) The board will not approve any marijuana license for a location on federal lands.

(7) The board will not approve any marijuana retailer license for a location within another business.

- (8) Every marijuana licensee must post and keep posted its license, or licenses, and any additional correspondence containing conditions and restrictions imposed by the board in a conspicuous place on the premises.
- (9) In approving a marijuana license, the board reserves the right to impose special conditions as to the involvement in the operations of the licensed business of any former licensees, their former employees, or any person who does not qualify for a marijuana license.
- (10) Facilities licensed as a marijuana processor and retailer by Liquor Control Board conducting the processing, storage, and sale of marijuana-infused products shall be

constructed, kept, and maintained in a clean and sanitary condition, and in accordance with rules and regulations as shall be prescribed by the Washington State Department of Agriculture under WAC 16-165 and 16-167.

- (11) Marijuana licensees may not allow the consumption of marijuana or marijuana-infused products on the licensed premises unless a limited special permitting has been granted.

New Section. WAC 314-55-020 Marijuana license qualifications and application process.

Each marijuana license application is unique and investigated individually. The board may inquire and request documents regarding all matters in connection with the marijuana license application. The application requirements for a marijuana license include, but are not necessarily limited to the following:

- (1) Per RCW 69.50.331, the board shall send a notice to cities and counties, and may send a notice to tribal governments or port authorities regarding the marijuana license application. The local authority has twenty days to respond with a recommendation to approve or an objection to the applicant, location, or both.
- (2) The board will verify that the proposed business meets the minimum requirements for the type of marijuana license requested.
- (3) The board will conduct an investigation of the applicants' criminal history and administrative violation history, per WAC 314-55-040 and 314-55-045.
 - (a) The criminal history background check will consist of completion of a personal/criminal history form provided by the board and submission of fingerprints to a vendor approved by the board. The applicant will be responsible for paying all fees required by the vendor for fingerprinting. The fingerprinting request will not identify the applicant's interest in licensing of a controlled substance. These fingerprints will be submitted to the Washington State Patrol and the Federal Bureau of Investigation for comparison to their criminal records. The applicant will be responsible for paying all fees required by the Washington State Patrol and the Federal Bureau of Investigation.
 - (b) Financiers will also be subject to criminal history investigations equivalent to that of the license applicant. Financiers will also be responsible for paying all fees required for the criminal history check.
- (4) The board will conduct a financial investigation in order to verify the source of funds used for the acquisition and startup of the business are from appropriate sources as well as adequate to responsibly manage the proposed business., the applicants' right to the real and personal property, and to verify the true party(ies) of interest.
- (5) The board may require a demonstration by the applicant that they are familiar with marijuana laws and rules.
- (6) The board may conduct a final inspection of the proposed licensed business, in order to determine if the applicant has complied with all the requirements of the license requested.
- (7) Per RCW 69.50.331 (1)(b), all applicants applying for a marijuana license must have resided in the state of Washington and fulfilled residency requirements for at least three months prior to application for a marijuana license. All partnerships, employee

cooperatives, associations, nonprofit corporations, corporations and limited liability companies applying for a marijuana license must be formed in Washington. All members must also meet the three

month residency requirement. Managers or agents who manage a licensee's place of business must also meet the three month residency requirement.

- (8) Submission of an operating plan that demonstrates the applicant is qualified to hold the marijuana license applied for to the satisfaction of the board. The operating plan shall include the following elements in accordance with the applicable standards in WAC.

As part of the application process, each applicant must submit in a format supplied by the Board an operating plan detailing the following as it pertains to the license type being sought. This operating plan must also include a floor plan or site plan drawn to scale which illustrates the entire operation being proposed. The operating plan must include the following information:

Producer	Processor	Retailer
Security	Security	Security
Traceability	Traceability	Traceability
Employee qualifications and training	Employee qualifications and training	Employee qualifications and training
Transportation of product including packaging of product for transportation	Transportation of product	
Destruction of waste product	Destruction of waste product	Destruction of waste product
Description of growing operation include growing media, size of grow space allocated for plant production, space allocated for any other business activity, description of all equipment used in the production process, and a list of fertilizers, pesticides, herbicides or any other compounds or products utilized in the production process. <u>Proprietary formulas and amounts not required to be disclosed, however a complete listing of products is required.</u>	Description of the types of products to be processed at this location together with a complete description of all equipment and chemical and other compounds used to create extracts and for processing of marijuana-infused products <u>A detailed plan depicting quality control of the product throughout the lifecycle and up to the destruction of unused expired product.</u>	
Testing procedures and protocols	Testing procedures and protocols	

	Description of the types of products to be processed at this location together with a complete description of processing of marijuana infused products	
	Description of packaging	

	and labeling of products to be processed	
		What array of products are to be sold and how are the products to be displayed to consumers

- (9) After obtaining a license, the license holder must notify the board in advance of any substantial change in their operating plan (any change effecting greater than 25% of their originally submitted plan). Depending on the degree ~~impact~~ of change, prior approval may be required before the change is ~~implemented~~ is accepted.
- (10) A signed affidavit from the landlord acknowledging the leased premises will be used as a marijuana business and or a copy of the signed lease?.
- (11) Applicants applying for a marijuana license must be current in any tax obligations to the Washington State Department of Revenue and be in good standing with the labor and industry board, as an individual or as part of any entity in which they have an ownership interest. Applicants must sign an attestation that, under penalty of denial or loss of licensure, that representation is correct.
- (12) Upon failure to respond to the board licensing and regulation division's requests for information within the timeline provided, the application may be administratively closed or denial of the application will be sought.

New Section. WAC 314-55-035 What persons or entities have to qualify for a marijuana license?

A marijuana license must be issued in the name(s) of the true party(ies) of interest.

- (1) True parties of interest - For purposes of this title, "true party of interest" means:

True party of interest	Persons to be qualified
Sole proprietorship	Sole proprietor and spouse.
General partnership	All partners and spouses.

Limited partnership, limited liability partnership, or limited liability limited partnership	<ul style="list-style-type: none">• All general partners and their spouses;
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	•	All limited partners and
Limited liability company	•	All members and their spouses. • All managers and their spouses.
Privately held corporation	•	All corporate officers (or persons with equivalent title) and their spouses. • All stockholders and their spouses.
Publicly held corporation		All corporate officers (or persons with equivalent title) and their spouses. All stockholders and their spouses.
Multi-level ownership structures		All persons and entities that make up the ownership structure (and their spouses).
Any entity	Any person who is in receipt of, or has the right to receive, a percentage of the gross or net sales from the business during any or all of the full or partial calendar fiscal year. For the purposes of this chapter:	<ul style="list-style-type: none"> "Gross sales" includes the entire gross receipts from all sales and services made in, upon, or from the licensed business. "Net sales" means gross sales minus

Non-Profit Corporations	All individuals and spouses, and entities having membership rights in accordance with the provisions of the articles of incorporation or the bylaws.
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(2) For purposes of this section, "true party of interest" does not mean:

- (a) A person or entity receiving reasonable payment for rent on a fixed basis under a bona fide lease or rental obligation, unless the lessor or property manager exercises control over or participates in the management of the business.
 - (b) A person who receives a bonus as an employee, if: The employee is on a fixed wage or salary and the bonus is not more than twenty-five percent of the employee's prebonus annual compensation; or the bonus is based on a written incentive/bonus program that is not out of the ordinary for the services rendered.
 - (c) A person or entity contracting with the applicant(s) to sell the property, unless the contract holder exercises control over or participates in the management of the licensed business.
 - (d) A person or entity receiving payment of franchise fees on a fixed or percentage basis under a bona fide franchise agreement, unless the person or entity receiving payment of franchise fees exercises control over or participates in the management of the licensed business.
- (3) Financiers -- The board will conduct a financial investigation as well as a criminal background of financiers.
- (4) Persons who exercise control of business -- The board will conduct an investigation of any person or entity who exercises any control over the applicant's business operations. This may include both a financial investigation and/or a criminal history background.

New Section. WAC 314-55-040 What criminal history might prevent a marijuana license applicant from receiving or keeping a marijuana license?

- (1) When the board processes a criminal history check on an applicant, it uses a point system to determine if the person qualifies for a license. The board will not normally issue a marijuana license or renew a license to an applicant who has accumulated eight or more points as indicated below:

Description	Time period during which points will be assigned	Points assigned
-------------	--	-----------------

Felony conviction	Ten years	12 points
Gross misdemeanor conviction	Three years	5 points
Misdemeanor conviction	Three years	4 points
Currently under federal or state supervision for a felony conviction	n/a	8 points
Nondisclosure of any of the above	n/a	4 points each

- (2) If a case is pending for an alleged offense that would earn eight or more points, the board will hold the application for the disposition of the case. If the disposition is not settled within ninety days, the board will administratively close the application.
- (3) The board may not issue a marijuana license to anyone who has accumulated eight or more points as referenced above. This is a discretionary threshold and it is further recommended that the following exceptions to this standard be applied:

Exception to criminal history point assignment. This exception to the criminal history point assignment will expire on July 1, 2014:

- (a) Prior to initial license application, two federal or state misdemeanor convictions for the possession only of marijuana within the previous three years may not be applicable to the criminal history points accumulated. All criminal history must be reported on the personal/criminal history form.
 - i. Regardless of applicability, failure to disclose full criminal history will result in point accumulation;
 - ii. State misdemeanor possession convictions accrued after December 6, 2013, exceeding the allowable amounts of marijuana, useable marijuana, and marijuana infused products described in RCW 69.50 shall count towards criminal history point accumulation.
 - (b) Prior to initial license application, any single state or federal conviction for the growing, possession, or sale of marijuana will be considered for mitigation on an individual basis. Mitigation will be considered based on the quantity of product involved and other circumstances surrounding the conviction.
- (4) Once licensed, marijuana licensees must report any criminal convictions to the board within fourteen days.

New Section. WAC 314-55-045 What marijuana law or rule violation history might prevent an applicant from receiving a marijuana license?

The board will conduct an investigation of all applicants' marijuana law or rule administrative violation history. The board will not normally issue a marijuana license to a person, or to an entity with a true party of interest, who has the following violation history; or to any person who has demonstrated a pattern of disregard for laws or rules.

Violation Type (see WAC 314-55-515)		Period of Consideration	
▪	Three or more public safety violations,	▪	Violations issued within three years of the date the application is received by the board's licensing and regulation division.
▪	Four or more regulatory violations, or		
▪	One to four, or more license violations.	▪	Violations issued within the last three years the true party(ies) of interest were licensed.

New Section 314-55-050 Reasons the board may seek denial, suspension, or cancellation of a marijuana license application or license.

Following is a list of reasons the board may deny, suspend, or cancel a marijuana license application or license. Per RCW 66.50.331, the board has broad discretionary authority to approve or deny a marijuana license application for reasons including, but not limited to, the following:

- (1) Failure to meet qualifications or requirements for the specific marijuana producer, processor, or retail license, as outlined in this Chapter 314-55 WAC and Chapter 69.50 RCW.
- (2) Failure or refusal to submit information or documentation requested by the board during the evaluation process.
- (3) The applicant makes a misrepresentation of fact, or fails to disclose a material fact to the board during the application process or any subsequent investigation after a license has been issued.
- (4) Failure to meet the criminal history standards outlined in WAC 314-55-040.
- (5) Failure to meet the marijuana law or rule violation history standards outlined in WAC 314-55-045.

- (6) The source of funds identified by the applicant to be used for the acquisition, startup and operation of the business is questionable, unverifiable, or determined by the board to be gained in a manner which is in violation by law or inadequate to responsibly manage the proposed business plan.
 - (7) Failure to submit a signed affidavit from the landlord acknowledging the use of the leased property.
 - (8) Denies the board or its authorized representative access to any place where a licensed activity takes place or fails to produce any book, record or document required by law or board rule.
 - (9) Has been denied or had a marijuana license or medical marijuana license suspended or cancelled in another state or local jurisdiction.
- Is it the boards intention to allow the same owners to operate a medical marijuana store and or a collective grow once earning a 502 license? If so, I believe a section should be required in order to ensure no conflict of interests relative to transportation, product, employee sharing etc...
- (10) Where the city, county, tribal government, or port authority has submitted a substantiated objection per the requirements in RCW 69.50.331 (7) and (9).
 - (11) The board may not issue a new marijuana license if the proposed licensed business is within one thousand feet of the perimeter of the grounds of any of the following entities. The distance shall be measured as the shortest straight line distance between the perimeters (property lines) of the proposed licensed location and the entities listed below:
 - (a) elementary or secondary school;
 - (b) playground;
 - (c) recreation center or facility;
 - (d) child care center;
 - (e) public park; that has play equipment or sports fields (trying to exclude the small postage stamp size green parks)
 - (f) public transit center;
 - (g) library; or
 - (h) any game arcade (where admission is not restricted to persons age twenty-one or older).
 - (h) In the event one of the entities listed above should surface after the applicant license has been granted the business will be protected and allowed to continue to operate under a grandfathered clause.
 - (i) (12) Has failed to pay taxes or fees required under Chapter 69.50 RCW or failed to provide production, processing, inventory, sales and transportation reports to documentation required under Chapter 314-55 WAC.
 - (13) Failure to submit an attestation that they are current in any tax obligations to the Washington State Department of Revenue and in good standing with the labor and industry board.
 - (14) Has been denied a liquor license or had a liquor license suspended or revoked in this or any other state.
 - (15) The operating plan does not demonstrate to the satisfaction of the board the applicant is qualified and can responsibly manage for a license.
 - (16) Failure to operate in accordance with the board approved operating plan.
 - (17) The board has full discretion in ~~determining~~ the issuance of the license will not

be in the best interest of the welfare, health or safety of the people of the state.

New Section. WAC 314-55-070 Process if the board denies a marijuana license application.

If the board denies a marijuana license application, the applicants may:

- (1) Request an administrative hearing per chapter 34.05 RCW, the Administrative Procedure Act.

- (2) Reapply for the license no sooner than one year from the date on the final order of denial.

New Section. WAC 314-55-075 What is a marijuana producer license and what are the fees related to a marijuana producer license? BOARD, WE added a section for the outdoor grows that is reflecting the laws Mendocino County Medical Cannabis Cultivation Ordinance 9.31 was shut down by the feds due to their threats and harassment of the county supervisors. It was still landmark and had two widely publicized and successful years.

Northern California and have proven to control risk. The way in which you were requesting rigid walls does not assist so much in the security as you might think and becomes cost prohibitive (estimated to be \$1mm to deliver 1/2 - 1 ton operations) to deliver We hope you seriously consider this option as a way to help deliver cost effective product while being environmentally conscious and providing safety to the community we serve.

- (1) A marijuana producer license allows the licensee to produce marijuana for sale at wholesale to marijuana processor licensees and to other marijuana producer licensees and retail operations. Marijuana production must take place within a fully enclosed secure indoor facility.

- (2) or greenhouse The requirements of an outdoor grow are:

The outdoor grow must not be visible to the public.

The grow area has to be on a minimum of 10 acres with the actual garden being a minimum of 150 feet from the property line, out of sight and free from public access. Fenced in by at least a 6 to 8 foot high fence.

A closed security camera system with infrared capability monitoring the fence line.

Within the fenced in area 8 to 12 inches from the exterior fence a motion detector infrared beam is in place and monitored by local law enforcement.

No one under the age of 21 are allowed within the specified secured garden area.

- (1)(3) _____ with rigid walls, a roof, and doors.

- (2)(4) _____ The application fee for a marijuana producer license is two hundred fifty dollars. The applicant is also responsible for paying the fees required by the approved vendor for fingerprint evaluation.

- (3)(5) _____ The annual fee for issuance and renewal of a marijuana producer license is one thousand dollars. The board will conduct random criminal history checks at the time of renewal that will require the licensee to submit fingerprints for evaluation from the approved vendor. The licensee will be responsible for all fees required for the criminal history checks.

- (4)(6) _____ The board will initially limit the opportunity to apply for a marijuana producer license to a 30-day calendar window beginning with the effective date of this section. In order for a marijuana producer application license to be considered it must be received no later than 30 days after the effective date of the rules adopted by the board. The board may reopen the marijuana producer application

window after the initial evaluation of the applications received and at subsequent times when the market deems necessary

New Section. WAC 314-55-077 What is a marijuana processor license and what are the fees related to a marijuana processor license?

- (1) A marijuana processor license allows the licensee to process, package, and label useable marijuana and marijuana-infused products for sale at wholesale to marijuana retailers. Currently many producers package and label the flowers and processors are those that convert the flower or plant material into another form.
- (2) The application fee for a marijuana processor license is two hundred fifty dollars. The applicant is also responsible for paying the fees required by the approved vendor for fingerprint evaluation.
- (3) The annual fee for issuance and renewal of a marijuana processor license is one thousand dollars. The board will conduct random criminal history checks at the time of renewal that will require the licensee to submit fingerprints for evaluation from the approved vendor. The licensee will be responsible for all fees required for the criminal history checks.
- (4) The board will initially limit the opportunity to apply for a marijuana processor license to a 30-day calendar window beginning with the effective date of this section. In order for a marijuana processor application license to be considered it must be received no later than 30 days after the effective date of the rules adopted by the board. The board may reopen the marijuana processor application window after the initial evaluation of the applications that are received and processed, and at subsequent times when the board deems necessary

New Section. WAC 314-55-079 What is a marijuana retailer license and what are the fees related to a marijuana retailer license?

- (1) A marijuana retail license allows the licensee to sell only useable marijuana, marijuana-infused products, and marijuana paraphernalia at retail in retail outlets to persons twenty-one years of age and older.
- (2) Marijuana extracts, such as hash, hash oil, shatter, and wax can be infused in products sold in a marijuana retail store, but RCW 69.50.354 does not allow the sale of extracts that are not infused in products. A marijuana extract does not meet the definition of a marijuana-infused product per RCW 69.50.101. We strong evidence that if we do not allow even some of the basic extracts with controls, the medical mmj businesses will distract consumers from the 502 stores as well as the these products are so readily being made in people's homes, the underground economy will continue to flourish. We believe controls are necessary, but the product is needed in order for 502 to be successful.
- (3) The application fee for a marijuana retailer's license is two hundred fifty dollars. The applicant is also responsible for paying the fees required by the approved vendor for fingerprint evaluation.
- (4) The annual fee for issuance and renewal of a marijuana retailer's license is one thousand dollars. The board will conduct random criminal history checks at the time of renewal that will require the licensee to submit fingerprints for evaluation from the approved vendor. The licensee will be responsible for all fees required for the criminal history checks.

New Section. WAC 314-55-080 What is a marijuana producer/processor license and what are the fees related to a marijuana producer/processor license?

- (1) A marijuana producer/processor license allows the licensee to produce marijuana for sale at wholesale to marijuana processor licensees and to other marijuana producer licensees, and to process, package, and label useable marijuana and marijuana-infused products for sale at wholesale to marijuana retailers.
- (1)(2) Why do we need this section? How is this different than the producer simply applying for the processor license?
- (2)(3) The application fee for a marijuana producer/processor license is five hundred dollars. The applicant is also responsible for paying the fees required by the approved vendor for fingerprint evaluation.
- (3)(4) The annual fee for issuance and renewal of a marijuana producer/processor license is two thousand dollars. The board will conduct random criminal history checks at the time of renewal that will require the licensee to submit fingerprints for evaluation from the approved vendor. The licensee will be responsible for all fees required for the criminal history checks.
- (4)(5) The board will initially limit the opportunity to apply for a marijuana producer/processor license to a 30-day calendar window beginning with the effective date of this section. In order for a marijuana producer/processor application license to be considered it must be received no later than 30 days after the effective date of the rules adopted by the board. The board may reopen the marijuana producer/processor application window after the initial evaluation of the applications received and at subsequent times when the market deems necessary

New Section. WAC 314-55-081 Who can apply for a marijuana retailer license?

- (1) The board will determine the number of marijuana retail license locations permitted in each county. Interested parties will be invited to submit a request to apply for a retail license on a form approved by the Board and state the county in which they wish to locate. Law prohibits members of a Retail license from having any part or interest in a producer or processors license.

- (2) The board will initially limit the opportunity to apply for a marijuana retailer license to a 30-day calendar window beginning with the effective date of this section. In order for a marijuana retailer application license to be considered it must be received no later than 30 days after the effective date of the rules adopted by the board. The board may reopen the marijuana retailer application window after the initial evaluation of the applications received and at subsequent times when the market deems necessary.
- (3) If more qualified candidates submit interest in applying than the number permitted licensed locations, a random drawing will be conducted to determine those entities eligible to apply for a license. Presuming number of locations will be determined by area – ex: Say the board determines 150 retail stores are needed to adequately serve WA, we want to ensure they are geographically distributed so 150 of them don't end up in Seattle and none anywhere else right – also address what happens to those stores if parts of the state refuse acceptance – will they be allowed to move elsewhere – we need to ensure permissive areas do not become the magnet as we see under the MMJ laws So, would the drawing occur then by interest in area? You might want to review how AZ divided up the state into CHA's. or call me☺
- (4) All interested parties found eligible to apply for a marijuana retail license will be notified by the board and said entities must submit their completed application prior to the published closing date for license applications.
- (5) If the board receives applications totaling less than the permitted number (per county); further names will be selected at random from the initial list of interested parties.
- (6) Applicants selected for the opportunity to submit an application must still meet all license criteria in order to be granted a license. Selection for the opportunity to apply in no way grants any rights or privileges to the prospective applicant.

New Section. WAC 314-55-082 Insurance Requirements.

- (1) Marijuana licensees shall provide insurance coverage as set out in this section. The intent of the required insurance is to protect the consumer should there be any claims, suits, actions, costs, damages or expenses arising from any negligent or intentional act or omission of the marijuana licensees. Marijuana licensees shall furnish evidence in the form of a certificate of insurance satisfactory to the board that insurance, in the following kinds and minimum amounts, has been secured. Failure to provide proof of insurance, as required, may result in license cancellation.
 - (a) Commercial General Liability Insurance: The Licensee shall at all times carry and maintain commercial general liability insurance and if necessary, commercial umbrella insurance for bodily injury and property damage arising out of licensed activities. This insurance shall cover such claims as may be caused by any act, omission, or negligence of the licensee or its officers, agents, representatives, assigns, or servants. The insurance shall also cover bodily injury, including disease, illness and death, and property damage arising out of the licensee's premises/operations, products, and personal injury.

(b) Insurance Carrier Rating: The insurance required above shall be issued by an insurance company authorized to do business within the State of Washington. Insurance is to be placed with a carrier that has a rating of A-Class VII or better in the most recently published edition of Best's

Reports. If an insurer is not admitted, all insurance policies and procedures for issuing the insurance policies must comply with Chapter 48.15 RCW and Chapter 284-15 WAC.

New Section. WAC 314-55-083 What are the security requirements for a marijuana licensee?

The security requirements for a marijuana licensee are as follows:

- (1) Display of Identification Badge: All employees in licensed premises shall be required to hold and properly display an identification badge issued by the licensed employer at all times while in a licensee's premises.
- (2) Alarm Systems: At a minimum, each licensed premises must have a security alarm system on all perimeter entry points and perimeter windows. Motion detectors, pressure switches, Duress, Panic and Hold Up alarms may also be utilized. Include the new section for outdoor grows if accepted above.
- (3) Surveillance System: At a minimum, a complete video surveillance and recording system for control areas within licensed premises to ensure control of the area. The requirements include image acquisition, video recording, management and monitoring hardware and support systems.
 - (a) All controlled access areas, security rooms/areas and all points of ingress/egress to limited access areas all points of ingress/egress to the exterior of the licensed premises, and all point-of-sale (POS) areas must have fixed camera coverage capable of identifying activity occurring within a minimum of twenty feet of all entry and exit points.
 - (b) Camera placement shall allow for the clear and certain identification of any individual in and/or on the licensed premises.
 - (c) All entrances and exits to the facility shall be recorded from both indoor and outdoor vantage points, and capable of clearly identifying any activities occurring within the facility or within the grow rooms in low light conditions.
 - (d) Areas where marijuana is grown, cured or manufactured including destroying waste, shall have a camera placement in the room facing the primary entry door, and in adequate fixed positions, at a height which will provide a clear, unobstructed view of the regular activity without a sight blockage from lighting hoods, fixtures, or other equipment, allowing for the clear and certain identification of persons and activities at all times.
 - (e) All marijuana or marijuana-infused products that are intended to be removed or transported from marijuana producer to marijuana processor and or marijuana processor to marijuana retailer shall be staged in an area known as the "Quarantine" location for a minimum of seventy-two hours. Transport manifest with product information and weights must be affixed to the product. At no time during the quarantine period can the product be handled or moved under any circumstances and is subject to auditing by the liquor control board or designees.
 - (f) All camera recordings must be continuously recorded twenty-four hours a day. All surveillance recordings must be kept for a minimum of forty-five days on the licensee's recording device. All videos are subject to inspection by any liquor

control board employee or law enforcement officer, and must be copied and provided to the board upon request.

(4) Traceability: To prevent diversion and to promote public safety, marijuana licensees must track marijuana from seed to sale. Licensees must provide the required information on a system specified by the board. All costs related to the reporting requirements are borne by the licensee. Plants, lots of useable marijuana or trim, leaves, and other plant matter must be traceable from production through processing, and finally into the retail environment including being able to identify the batches of products such as extracts or infused products from the base marijuana. The following information is required:

- (a) Key notification of "events", such as when a plant enters the system (moved from the clone to the vegetation production area at a young age);
- (b) When plants are to be harvested;
- (c) When plants are destroyed; and
- (d) When useable marijuana or other marijuana products are transported.

New Section. WAC 314-55-085 What are the transportation requirements for a marijuana licensee?

- (1) Notification of shipment: Upon transporting any marijuana or marijuana product, a producer, processor or retailer shall notify the board of the type and amount and/or weight of marijuana and/or marijuana products being transported, the name of transporter, times of departure and expected delivery. This information must be reported in the traceability system described in WAC 314-55-083(4).
- (2) Receipt of shipment: Upon receiving the shipment, the licensee receiving the product shall report the amount and /or weight of marijuana and/or marijuana products received in the traceability system.
- (3) Transportation manifest: A complete transport manifest containing all information required by the board must be kept with the product at all times.
- (4) Records of transportation: Records of all transportation must be kept for a minimum of three years at the licensee's location.
- (5) Transportation of product: Marijuana or marijuana products that are being transported must meet the following requirements:
 - (a) Only the marijuana licensee or an employee of the licensee may transport product.
 - (b) Marijuana or marijuana products must be in a sealed package or container approved by the board pursuant to WAC 314-55-105;
 - (c) Sealed packages or containers cannot be opened during transport;
 - (d) Marijuana or marijuana products must be in a locked, safe and secure storage compartment that is secured to the inside body/compartment of the vehicle transporting the marijuana or marijuana products;

- (e) Any vehicle transporting marijuana or marijuana products must travel directly from the shipping licensee to the receiving licensee and must not make any unnecessary stops in between except to other facilities receiving product.

New Section. WAC 314-55-086 What are the mandatory signs a marijuana licensee must post on a licensed premises?

(1) Notices regarding persons under twenty-one years of age must be posted on the premises as follows:

Type of licensee	Sign must contain the following language:	Required location of sign
Marijuana producer, marijuana processor, and marijuana retailer	"Persons under twenty-one years of age not permitted on these premises."	Conspicuous location at each entry to premises.

The board will provide the required notices, or licensees may design their own notices as long as they are legible and contain the required language.

(2) Signs provided by the board prohibiting opening a package of marijuana or marijuana-infused product in public or consumption of marijuana or marijuana-infused products in public, must be posted as follows:

Type of premises	Required location of sign
Marijuana retail	Posted in plain view at the main entrance to the establishment.

(3) The premises' current and valid master license with appropriate endorsements must be conspicuously posted on the premises and available for inspection by liquor enforcement officers.

New Section. WAC 314-55-087 What are the recordkeeping requirements for marijuana licensees?

(1) Marijuana licensees are responsible to keep records that clearly reflect all financial transactions and the financial condition of the business. The following records must be

kept and maintained on the licensed premises for a three year period and must be made available for inspection if requested by an employee of the liquor control board:

(a) Purchase invoices and supporting documents, to include the items and/or services purchased, from whom the items were purchased, and the date of purchase;

(b) Bank statements and cancelled checks for any accounts relating to the licensed business;

(c) Accounting and tax records related to the licensed business and each true party of interest;

(d) Records of all financial transactions related to the licensed business, including contracts and/or agreements for services performed or received that relate to the licensed business;

(e) All employee records, to include training;

(f) Records of each daily-application of fertilizers, pesticides, herbicides or any other compounds or products applied to the marijuana plants; we need to be aware that this application is considered to be the 'secret sauce' that makes one producer/processor competitive. No one will complain about disclosing the line used, but if we get into daily records – that becomes part of the secret sauce. C

(g) Records of each batch of extracts or infused marijuana products made, including at a minimum, the lots of useable marijuana or trim, leaves, and other plant matter used (including the total weight of the base product used), any solvents or other compounds utilized, and the product type and the total weight of the end product produced, such as hash oil, shatter, tincture, infused dairy butter, etc.;

(h) inventory records; and

(i) quality assurance test results.

(2) If the marijuana licensee keeps records within an automated data processing (ADP) and/or point of sale (POS) system, the system must include a method for producing legible records that will provide the same information required of that type of record within this section. The ADP and/or POS system is acceptable if it complies with the following guidelines:

(a) Provides an audit trail so that details (invoices and vouchers) underlying the summary accounting data may be identified and made available upon request;

(b) Provides the opportunity to trace any transaction back to the original source or forward to a final total. If printouts of transactions are not made when they are processed, the system must have the ability to reconstruct these transactions; and

(c) Has available a full description of the ADP and/or POS portion of the accounting system. This should show the applications being performed, the procedures employed in each application, and the controls used to ensure accurate and reliable processing.

(3) The provisions contained in subsections (1) and (2) of this section do not eliminate the requirement to maintain source documents, but they do allow the source documents to be maintained in some other location.

New Section. WAC 314-55-089 What are the tax and reporting requirements for marijuana licensees?

(1) Marijuana licensees must submit monthly report(s) and payments to the board. The required monthly reports must be:

- (a) On a form or electronic system furnished by the board;
- (b) Filed every month, including months with no activity or payment due;
- (c) Submitted, with payment due, to the board on or before the twentieth day of each month, for the previous month. (For example, a report listing transactions for the month of January is due by February 20th.) When the twentieth day of the month falls on a Saturday, Sunday, or a legal holiday, the filing must be postmarked by the U.S. postal service no later than the next postal business day;
- (d) Filed separately for each marijuana license held; and
- (e) All records must be maintained and available for review for a three year period on licensed premise (see WAC 314-55-087).

(2) Marijuana Producer Licensees: On a monthly basis, marijuana producers must maintain records and report purchases from other licensed marijuana producers, current production and inventory on hand, sales by product type, and lost and destroyed product in a manner prescribed by the board.

- (a) A marijuana producer licensee must pay to the board a marijuana excise tax of twenty-five percent of the selling price on each wholesale sale to a license marijuana processor.

(3) Marijuana Processor Licensees: On a monthly basis, marijuana processors must maintain records and report purchases from licensed marijuana producers, production of marijuana-infused products, sales by product type to marijuana retailers, and lost and/or destroyed product in a manner prescribed by the board.

- (a) A marijuana processor licensee to the board a marijuana excise tax of twenty-five percent of the selling price (less the cost of the product?) on each wholesale sale of useable marijuana and marijuana-infused product to a licensed marijuana retailer.

(4) Marijuana Producer/Processor Licensee: On a monthly basis, marijuana producer/processors must maintain records and report purchases from other licensed marijuana producers, current production and inventory on hand, sales by product type, and lost and destroyed product in a manner prescribed by the board.

- (a) A marijuana producer/processors must pay to the board a marijuana excise tax of twenty-five percent of the selling price on each wholesale sale to another processor (sales from producer to processor), and twenty-five percent of the selling price on each wholesale sale to a retailer (sales from processor to retailer).

(5) Marijuana Retailer's Licensees: On a monthly basis, marijuana retailers must maintain records and report purchases from licensed marijuana processors, sales by product type to consumers, and lost and/or destroyed product in a manner prescribed by the board.

- (a) A marijuana processor licensee must pay to the board a marijuana excise tax of twenty-five percent of the selling price on each retail sale (less the wholesale cost) of useable marijuana or marijuana-infused products.

New Section. WAC 314-55-092 What if a marijuana licensee fails to report or pay, or reports or pays late?

- (1) If a marijuana licensee does not submit its monthly reports and payment(s) to the board as required in WAC 314-55-089:
 - a. the licensee is subject to penalties.

Penalties: A penalty of two percent per month will be assessed on any payments postmarked after the twentieth day of the month following the month of sale. When the twentieth day of the month falls on a Saturday, Sunday, or a legal holiday, the filing must be postmarked by the U.S. postal service no later than the next postal business day.

- (2) Failure to make a report and/or pay the license taxes and/or penalties in the manner and dates outlined in WAC 314-55-089 will be sufficient grounds for the board to suspend or revoke a marijuana license.

New Section. WAC 314-55-095 Marijuana servings and transaction

limitations. Marijuana dosage and transaction limitations are as follows:

- (1) Single Serving: A single serving of a marijuana infused product amounts to ten milligrams active tetrahydrocannabinol (THC), or Delta 9.
- (2) Maximum number of servings: The maximum number of servings in any one marijuana infused product is ten servings or two ~~one~~ hundred milligrams of active tetrahydrocannabinol (THC), or Delta 9.
- (3) Transaction limitation: A single transaction is limited to one ounce of useable marijuana, sixteen ounces of marijuana-infused product in solid form, and seventy-two ounces of marijuana-infused product in liquid form for persons twenty-one years of age and older.

New Section. WAC 314-55-097 Marijuana Waste Disposal – Liquids and Solids.

- (1) Marijuana solid and liquid waste must be stored, secured and managed in accordance with the applicable state and local statutes and regulations.
- (2) Marijuana solid and liquid waste shall be disposed of in compliance with the Washington Departments of Ecology and Health and local codes and ordinances.
- (3) Marijuana plant matter waste must be rendered unusable prior to leaving a licensed producer or processor's facility. Allowable methods is by grinding and incorporating the marijuana waste with non-consumable, recycled solid waste so the resulting mixture is at least fifty percent non marijuana waste. Examples of non-consumable, solid waste include:

- (a) Paper waste,
- ~~(b) Plastic waste,~~
- ~~(c)(b)~~ Cardboard waste,
- ~~(d)(c)~~ Food waste,
- ~~(e)(d)~~ Grease or other compostable oil waste,
- ~~(f)(e)~~ Compost activators, or
- ~~(g)(f)~~ Soil.

- (4) Marijuana flowers, trim and plant material from any lot of marijuana that fails quality assurance testing required by RCW 69.50.348 must be rendered unusable prior to leaving a licensed processor's facility or be used to create a solvent based or CO2 extract. The extract produced must then be retested to ensure it meets all quality testing required by RCW 69.50.348, or must be rendered unusable prior to leaving a licensed processor's facility. Allowable methods to render marijuana flowers, trim, and plant material unusable are:

- (a) By grinding and incorporating the marijuana waste with non-consumable, recycled solid waste so the resulting mixture is at least fifty percent non marijuana waste. Examples of non-consumable, solid waste include:

- i. Paper waste,
- ~~ii. Plastic waste,~~
- ~~iii-ii.~~ Cardboard waste,
- ~~iv-iii.~~ Food waste,
- ~~v-iv.~~ Grease or other compostable oil waste,
- ~~vi-v.~~ Compost activators, or
- ~~vii-vi.~~ Soil.

- (b) A producer or processor must provide the board a minimum of 168 hours notice in the traceability system described in WAC 314-55-083 (4) prior to rendering the product unusable and disposing of it.
- (5) Any remaining marijuana sample material possessed by third party laboratories accredited by the board to test for quality assurance must be rendered unusable. Allowable methods are:
 - (a) By grinding and incorporating the marijuana waste with non-consumable, recycled solid waste so the resulting mixture is at least fifty percent non marijuana waste. Examples of non-consumable, solid waste include:
 - i. Paper waste,
 - ii. ~~Plastic waste,~~
 - iii. Cardboard waste,
 - iv. Food waste,
 - v. Grease or other compostable oil waste,
 - vi. Compost activators, or
 - vii. Soil.
 - (b) By submerging the samples in waste solvent.

New Section. WAC 314-55-099 Standardized scales.

- (1) Marijuana producer and processor licensees must have at least one scale on the licensed premises for the traceability and inventory of product that conforms to the requirements of RCW 19.94 and WAC 16-662 and 16-664.
- (2) Licensees must apply for a "Small Scale" license on a Business License Application with Business License Services through the Department of Revenue.
- (3) Licensees must use a scale conforming to the standards set by the national Institute of Standards and Technology (NIST) and the National Type Evaluation Program (NTEP).
- (4) The scales will be inspected and certified per RCW 19.94.163.

New Section. WAC 314-55-102 Quality Assurance Testing

(1) A person with financial interest in an accredited third-party testing lab may not have direct or indirect financial interest in a licensed marijuana producer or processor or retail for whom they are conducting required quality assurance tests.

(2) As a condition of accreditation, each lab must employ a Scientific Director responsible to ensure the achievement and maintenance of quality standards of practice. The Scientific Director shall meet the following minimum qualifications:

- (a) has earned, from a college or university accredited by a national or regional certifying authority a doctorate in the chemical or biological sciences and a minimum of two (2) years post-degree laboratory experience;
- (b) or has earned a master's degree in the chemical or biological sciences and has a minimum of four (4) years of post degree laboratory experience;
- (c) or has earned a bachelor's degree in the chemical or biological sciences and has a minimum of six (6) years of post education laboratory experience;

(3) As a condition of accreditation, labs must follow the most current version of the Cannabis Inflorescence and Leaf monograph published by the American Herbal Pharmacopoeia or notify the Board what alternative scientifically valid testing methodology the lab is following for each quality assurance test. The Board may require third party validation of any monograph or analytical method followed by the lab to ensure the methodology produces scientifically accurate results prior to them using those standards when conducting required quality assurance tests.

(4) As a condition of accreditation, the Board may require third party validation and ongoing monitoring of a lab's basic proficiency to correctly execute the analytical methodologies employed by the lab.

(5) Labs must adopt and follow minimum good lab practices (GLPs), and maintain internal standard operating procedures (SOPs) and a quality control/quality assurance (QC/QA) program as specified by the Board. The Board or authorized third-party organization can conduct audits of a lab's GLPs, SOPs, QC/QA, and inspect all other related records.

(6) The general body of required quality assurance tests for marijuana flowers, infused products, and extracts may include moisture content, potency analysis, foreign matter inspection, microbiological screening, pesticide and other chemical residue and metals screening, and residual solvents levels.

New Section. WAC 314-55-104 Marijuana Processor License extraction requirements.

- (1) Processors using solvents or gasses to create marijuana extracts must use a professional grade closed loop extraction system approved by the Board.
- (2) Processors using solvents or gasses, explosives or combustible to create marijuana extracts must work in a spark free environment with proper ventilation, and follow applicable local fire, safety and building codes in processing and the storage of the chemicals.
- (3) United States Pharmacopeia (USP) class three residual solvents or gasses, and other solvents or gasses exhibiting low to minimal potential human health-related toxicity approved by the Board may be used to create marijuana extracts. The approved solvents or gasses must be of medical or instrumental grade, with a purity of at least 95%.
- (4) Processors using solvents or gasses to create marijuana extracts must develop a business plan that outlines standard operating procedures, good manufacturing practices, prior to producing extracts for the marketplace.
- (5) Any person creating marijuana extracts must be properly trained on how to safely use the closed loop system, handle the solvents or gasses safely, and follow other standard operating procedures and good manufacturing practices.
- (6) Parts per million for one gram of finished extract cannot exceed 500 parts per million or residual solvent or gas when quality assurance tested per RCW 69.50.348.
- ~~(6)~~(7) Should list the toxic solvents. Ethanol should be able to exceed.

New Section. WAC 314-55-105 Packaging and labeling requirements.

- (1) All usable marijuana and marijuana products must be stored behind a counter or other barrier to ensure a customer does not have direct access to the product.
- (2) Any container or packaging containing usable marijuana or marijuana products must protect the product from contamination and must not impart any toxic or deleterious substance to the useable marijuana or marijuana product.
- (3) Upon the request of a retail customer, a retailer must disclose the name of the accredited third party testing lab and results of the required quality assurance test for any usable marijuana or other marijuana product the customer is considering purchasing.
- (4) Useable marijuana and marijuana products may not be labeled as organic unless certified as organic by the Washington State Department of Agriculture.
- (5) The accredited third party testing lab and required results of the quality assurance test must be included with each lot and disclosed to the customer buying from the lot.
- (6) A producer must disclose in writing all pesticides, herbicides, and fungicides or other

compounds used for pest control or plant disease while producing any marijuana plant included in the lot.

(7) All usable marijuana when sold at retail must include accompanying material that contains the following warnings that state:

- (a) "Warning: Smoking may be hazardous to your health;"
- (b) "There may be health risks associated with consumption of this product;"
- (c) "Should not be used by woman that are pregnant or breast feeding;"
- (d) "For use only by adults 21 and older. Keep out of reach of children;"
- (e) "Marijuana can impair concentration, coordination, and judgment. Do not operate a vehicle or machinery under the influence of this drug;"
- (f) Warning that discloses all pesticides, herbicides, and fungicides or other compounds used for pest control or plant disease in production and processing.

(8) All marijuana-infused products sold at retail must include accompanying material that contains the following warnings that state:

- (a) "There may be health risks associated with consumption of this product;"
- (b) "This product is infused with marijuana or active compounds of marijuana;"
- (c) "Should not be used by woman that are pregnant or breast feeding;"
- (d) "For use only by adults 21 and older. Keep out of reach of children;"
- (e) "Products containing marijuana can impair concentration, coordination, and judgment. Do not operate a vehicle or machinery under the influence of this drug;"
- (f) "Caution: when eaten, the intoxicating effects of this drug may be delayed by two or more hours;"
- (g) Warning that discloses all pesticides, herbicides, and fungicides or other compounds used for pest control or plant disease in production and processing of the base marijuana used to create the butter, glycerin and other infused compounds added to the product; and
- (h) If an extract was used to infuse the product, a disclosure of the type of extraction method, including any solvents or other chemicals or compounds used to produce or that are added to the extract.

(9) Labels affixed to the container or package containing useable marijuana sold at retail must include:

- (a) The business or trade name and Washington state unified business identifier number of the licensees that produced, processed, and sold the usable marijuana;
- (b) Lot number;
- (c) Concentration of THC, THCA, CBD, CBDA, CBN, CBG, including a total of active cannabinoids (potency profile);
- (d) Net weight;


- (e) Warnings that states: "May be habit forming;"
- (f) Statement that "this product is unlawful outside of Washington State;"
- (g) Date of harvest; and what purpose does this serve?
- (h) The Washington State icon logo found on the Liquor Control Board website for marijuana licensees.

Produced in Washington Icon

3" / 1" / .5" / green



- (10) Sample label mock up for a container or package containing useable marijuana sold at retail with required information:

UBI: 6012214560010001	Lot#: 1423
Date of Harvest: 4-14	
<i>San Juan Resins</i>	
<i>Blueberry haze</i>	
16.7 % THC 1.5% CBD 0.3% CBN	
Warning- may be habit forming	
<u>THIS PRODUCT IS UNLAWFUL OUTSIDE WASHINGTON STATE</u>	
Net weight: 7 grams	
	

(11) Labels affixed to the container or package containing marijuana-infused products sold at retail must include:

- (a) The business or trade name and Washington state unified business identifier number of the licensees that produced, processed, and sold the usable marijuana;
- (b) Lot numbers of all base marijuana used to create the extract;
- (c) Batch number;
- (d) Date manufactured;
- (e) Best by date;
- (f) Recommended serving size and the number of servings contained within the unit, including total milligrams of active tetrahydrocannabinol (THC), or Delta 9;
- (g) Net weight;
- (h) List of all ingredients and any allergens;
- (i) "Caution: when eaten, the intoxicating effects of this drug may be delayed by two or more hours;"
- (j) If a marijuana extract was added to the product, disclosure of the type of extraction process and any solvent or other chemical used in the extraction process, or any other compound added to the extract;
- (k) Warnings that states: "May be habit forming;"
- (l) Statement that "this product unlawful outside of Washington State;" and
- (m) The Washington State icon logo found on the Liquor Control Board website for marijuana licensees.


Produced in Washington Icon

3" / 1" / .5" / green



(12) Sample label mock up (front and back) for a container or package containing marijuana infused products sold at retail with required information:

(Front of label)

UBI: 6024583690010001	Lot#: 1324, Batch#: 5463
<i>San Juan Resins</i>	
<i>Space cake</i>	
CAUTION: when eaten the effects of this product can be delayed two or more hours.	
Warning- may be habit forming	
<u>THIS PRODUCT IS UNLAWFUL OUTSIDE WASHINGTON STATE</u>	
	

(Back of label)

Manufactured on 5/1/13, Best by 7/15/13
INGREDIENTS: Flour, Butter, Canola oil, Sugar, Chocolate, Marijuana, strawberries, CONTAINS ALLERGENS: Milk, Wheat
Contains marijuana extract processed with butane.
Recommended serving size: 10 MG of THC This product contains 10 servings and a total of 100 MG of THC
Net weight: 6oz (128grams)

New Section. WAC 314-55-120 Ownership changes.

- (1) Licensees must receive prior board approval before making any of the following ownership changes (see WAC 314-55-035 for the definition of "true party of interest"):

Type of change	Type of application	Fee
Change in the qualifying persons in a: Sole proprietorship, general partnership, limited partnership, or limited liability partnership.	New application	Annual fee for current license privilege
Change in the qualifying persons for a publicly or privately held corporation. The board will waive the fee for a corporate change when the proposed change consists solely of dropping an approved officer.	Application for change in corporate officer and/or stockholder	\$75
Change in the qualifying persons in a limited liability company.	Application for change of limited liability company member and/or manager	\$75

- (2) The board may inquire into all matters in connection with any such sale of stock/units or proposed change in officers/members.

New Section. WAC 314-55-125 Change of location.

- (1) Changing your marijuana license to a new location requires an application, per the process outlined in WAC 314-55-020.
- (2) A change of location occurs any time a move by the licensee results in any change to the physical location address.

New Section. WAC 314-55-130 Change of business name.

- (1) If you wish to change the name of your business, you must apply for a change of trade name with the Department of Revenue, Business License Service.
- (2) If you wish to change your corporation or limited liability company name, you must apply for a change of name through the Secretary of State.
- (3) See WAC 434-12 for guidelines for trade names.

New Section. WAC 314-55-135 Discontinue marijuana sales.

You must notify the board's enforcement and education division in writing if you plan to stop doing business for more than thirty days, or if you plan to permanently discontinue marijuana sales.

New Section. WAC 314-55-140 Death or incapacity of a marijuana licensee.

- (1) The appointed guardian, executor, administrator, receiver, trustee, or assignee must notify the board's licensing and regulation division in the event of the death, incapacity, receivership, bankruptcy, or assignment for benefit of creditors of any licensee.
- (2) The board may give the appointed guardian, executor, administrator, receiver, trustee, or assignee written approval to continue marijuana sales on the licensed business premises for the duration of the existing license and to renew the license when it expires.
 - a. The person must be a resident of the State of Washington.
 - b. A criminal background check may be required.
- (3) When the matter is resolved by the court, the true party(ies) of interest must apply for a marijuana license for the business.

New Section. WAC 314-55-145 Are marijuana license fees refundable?

When a license is suspended or cancelled, or the licensed business is discontinued, the unused portion of the marijuana license fee will not be refunded.

New Section. WAC 314-55-147 What hours may a marijuana retailer licensee conduct sales?

A marijuana retailer licensee may sell useable marijuana, marijuana-infused products, and marijuana paraphernalia between the hours of 6am and 2am.

New Section. WAC 314-55-150 What are the forms of acceptable identification?

- (1) Following are the forms of identification that are acceptable to verify a person's age for the purpose of purchasing marijuana:
 - (a) Driver's license, instruction permit, or identification card of any state, or province of Canada, from a U.S. territory or the District of Columbia, or "identocard" issued by the Washington state department of licensing per RCW 46.20.117;
 - (b) United States armed forces identification card issued to active duty, reserve, and retired personnel and the personnel's dependents, which may include an embedded, digital signature in lieu of a visible signature;
 - (c) Passport;
 - (d) Merchant Marine identification card issued by the United States Coast Guard; and
 - (e) Enrollment card issued by the governing authority of a federally recognized Indian tribe located in Washington, if the enrollment card incorporates security features comparable to those implemented by the department of licensing for Washington driver's licenses.
- (2) The identification document is not acceptable to verify age if expired

New Section. WAC 314-55-155 Advertising

- (1) Advertising by retail licensees.

The board limits each retail licensed premises to one sign identifying the retail outlet by the licensee's business name or trade name that is affixed or hanging in the windows or on the outside of the premises that is visible to the general public from the public right of way. The size of the sign is limited to sixteen hundred square inches.
- (2) General.

All marijuana advertising of products sold in the state of Washington may not contain any statement or illustration that:

 - (a) Is false or misleading;
 - (b) Promotes over consumption;
 - (c) Represents the use of marijuana has curative or therapeutic effects.
 - (d) Depicts a child or other person under legal age to consume marijuana, or includes:
 - i. Objects, such as toys or characters, suggesting the presence of a child, or any other depiction designed in any manner to be especially appealing to children or other persons under legal age to consume marijuana; or
 - ii. Is designed in any manner that would be especially appealing to children or other persons under twenty-one years of age.

New Section. WAC 314-55-160 Objections to marijuana license applications.

- (1) **How can persons, cities, counties, tribal governments, or port authorities object to the issuance of a marijuana license?** Per RCW 69.50.331, the board will/may notify cities, counties, tribal governments, and port authorities of the following types of marijuana applications. In addition to these entities, any person or group may comment in writing to the board regarding an application.

Type of Application	Entities the board will/may notify
<ul style="list-style-type: none">• Applications for an annual marijuana license at a new location.• Applications to change the class of an existing annual marijuana license.	<ul style="list-style-type: none">• Cities and counties in which the premises is located will be notified. <p>Tribal governments and port authorities in which the premises is located may be notified.</p>
<ul style="list-style-type: none">• Changes of ownership at existing licensed premises	<ul style="list-style-type: none">• Cities and counties in which the premises is located will be notified. <p>Tribal governments and port authorities in which the premises is located may be notified.</p>

- (2) **What will happen if a person or entity objects to a marijuana license application?**

When deciding whether to issue or deny a marijuana license application, the board will give due consideration to input from governmental jurisdictions in which the premises is

located; and other persons or groups. Note: Per RCW 69.50.331, the board shall not issue a new marijuana license if any of the following are within 1000 feet of the premises to be licensed: any elementary or secondary schools within 1000 feet of the perimeter of the grounds, playgrounds, recreation centers or facilities, child care centers, public parks, public transit centers, libraries, game arcade where admission is not restricted to persons twenty-one years of age or older.

- (a) If the board contemplates issuing a license over the objection of a governmental jurisdiction in which the premises is located, the government subdivision may request an adjudicative hearing under the provisions of the Administrative Procedure Act (chapter 34.05 RCW). If the board, in its discretion, grants the governmental jurisdiction(s) an adjudicative hearing, the applicant will be notified and given the opportunity to present evidence at the hearing.
- (b) If the board denies a marijuana license application based on the objection from a governmental jurisdiction the applicant(s) may either:
 - i. Reapply for the license no sooner than one year from the date on the final order of denial; or
 - ii. Submit a written request on a form provided by the board for an adjudicative hearing under the provisions of the Administrative Procedure Act (chapter 34.05 RCW). The request must be received within twenty days of the date the intent to deny notification was mailed.

New Section. WAC 314-55-165 Objections to marijuana license renewals.

(1) How can local cities, counties, tribal governments, or port authorities object to the renewal of a marijuana license?

- (a) The board will give governmental jurisdictions approximately ninety days written notice of premises that hold annual marijuana licenses in that jurisdiction that are up for renewal.
- (b) Per RCW 69.50.331, if a county, city, tribal government, or port authority wants to object to the renewal of a marijuana license in its jurisdiction, it must submit a letter to the board detailing the reason(s) for the objection and a statement of all facts on which the objections are based.
- (c) The county, city, tribal government, or port authority may submit a written request to the board for an extension for good cause shown.
- (d) This letter must be received by the board at least thirty days before the marijuana license expires. The objection must state specific reasons and facts that show issuance of the marijuana license at the proposed location or to the applicant business will detrimentally impact the safety, health, or welfare of the community.
- (e) If the objection is received within thirty days of the expiration date or the licensee has already renewed the license, the objection will be considered as a complaint and possible license revocation may be pursued by the enforcement division.
- (f) Objections from the public will be referred to the appropriate city, county, tribal government, or port authority for action under subsection (2) of this section. Upon receipt of the objection, the board licensing and regulation division will acknowledge receipt of the objection(s) and forward to the appropriate city,

county, tribal government, or port authority. Such jurisdiction may or may not, based on the public objection, request nonrenewal.

(2) What will happen if a city, county, tribal government, or port authority objects to the renewal of a marijuana license?

The board will give due consideration to a city, county, tribal government, or port authority objection to a marijuana license renewal of a premises in its jurisdiction. Based on the jurisdiction's input and any information in the licensing file, the board will decide to either renew the marijuana license, or to pursue nonrenewal.

(a) Board decides to renew the marijuana license:	(b) Board decides to pursue nonrenewal of the marijuana license:
(i) The board will notify the jurisdiction(s) in writing of its intent to renew the license, stating the reason for this decision.	(i) The board will notify the licensee in writing of its intent to not renew the license, stating the reason for this decision.
(ii) The jurisdiction(s) may contest the renewal and request an adjudicative hearing under the provisions of the Administrative Procedure Act (chapter 34.05	(ii) The licensee may contest the nonrenewal action and request an adjudicative hearing under the provisions of the Administrative Procedure Act (chapter 34.05
RCW) by submitting a written request on a form provided by the board. The request must be received within twenty days of the date the intent to renew notification was mailed.	RCW) by submitting a written request on a form provided by the board. The request must be received within twenty days of the date the intent to deny notification was mailed.
	(iii) If the licensee requests a hearing, the governmental

	<p>notified.</p> <p>(iv) During the hearing and any subsequent appeal process, the licensee is issued a temporary operating permit for the marijuana license until a final decision is made.</p>
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New Section. WAC 314-55-505 What are the procedures for notifying a licensee of an alleged violation of a liquor control board statute or regulation?

- (1) When an enforcement officer believes that a licensee has violated a board statute or regulation, the officer may prepare an administrative violation notice (AVN) and mail or deliver the notice to the licensee, licensee's agent or employee.
- (2) The AVN notice will include:
 - a. A complete narrative description of the violation(s) the officer is charging;
 - b. The date(s) of the violation(s);
 - c. A copy of the law(s) and/or regulation(s) allegedly violated;
 - d. An outline of the licensee's options as outlined in WAC 314-55-510; and
 - e. The recommended penalty.
 - i. If the recommended penalty is the standard penalty, see WAC 314-55-520 through 314-55-535 for licensees.
 - ii. For cases in which there are aggravating or mitigating circumstances, the penalty may be adjusted from the standard penalty.

New Section. WAC 314-55-506 What is the process once the board summarily suspends a marijuana license?

- (1) The board may summarily suspend any license after the board's enforcement division has completed a preliminary staff investigation of the violation and upon a determination that immediate cessation of the licensed activities is necessary for the protection or preservation of the public health, safety or welfare.
- (2) Suspension of any license under this provision shall take effect immediately upon personal service on the licensee or employee thereof of the summary suspension order unless otherwise provided in the order.
- (3) When a license has been summarily suspended by the board, an adjudicative proceeding for revocation or other action must be promptly instituted before an administrative law judge assigned by the office of administrative hearings. If a request for an administrative hearing is timely filed by the licensee or permit holder, then a hearing shall be held within ninety days of the effective date of the summary suspension ordered by the board.

New Section. WAC 314-55-507 How may a licensee challenge the summary suspension of his or her marijuana license?

- (1) Upon summary suspension of a license by the board pursuant to WAC 314-55-506, an affected licensee may petition the board for a stay of suspension pursuant to RCW 34.05.467 and 34.05.550(1). A petition for a stay of suspension must be received by the board within fifteen days of service of the summary suspension order. The petition for stay shall state the basis on which the stay is sought.
- (2) A hearing shall be held before an administrative law judge within fourteen days of receipt of a timely petition for stay. The hearing shall be limited to consideration of whether a stay should be granted, or whether the terms of the suspension may be modified to allow the conduct of limited activities under current licenses or permits.
- (3) Any hearing conducted pursuant to subsection (2) of this section shall be a brief adjudicative proceeding under RCW 34.05.485. The agency record for the hearing shall consist of the documentary information upon which the summary suspension was based. The licensee or permit holder shall have the burden of demonstrating by clear and convincing evidence that:
 - a. The licensee is likely to prevail upon the merits at hearing;
 - b. Without relief, the licensee will suffer irreparable injury. For purposes of this section, elimination of income from licensed activities shall not be deemed irreparable injury;
 - c. The grant of relief will not substantially harm other parties to the proceedings; and
 - d. The threat to the public health, safety, or welfare is not sufficiently serious to justify continuation of the suspension, or that modification of the terms of the suspension will adequately protect the public interest.
- (4) The initial order on stay shall be effective immediately upon service unless another date is specified in the order.

New Section. WAC 314-55-508 Review of orders on stay.

- (1) The licensee, or agency, may petition the board for review of an initial order on stay. Any petition for review must be in writing and received by the board within ten days of service of the initial order. If neither party has requested review within ten days of service, the initial order shall be deemed the final order of the board for purposes of RCW 34.05.467.
- (2) If the board receives a timely petition for review, the board shall consider the petition within fifteen days of service of the petition for review. Consideration on review shall be limited to the record of the hearing on stay.
- (3) The order of the board on the petition for review shall be effective upon personal service unless another date is specified in the order and is final pursuant to RCW 34.05.467. Final disposition of the petition for stay shall not affect subsequent administrative proceedings for suspension or revocation of a license.

New Section. WAC 314-55-510 What options does a licensee have once he/she receives a notice of an administrative violation?

- (1) A licensee has twenty days from receipt of the notice to:
 - (a) Accept the recommended penalty; or
 - (b) Request a settlement conference in writing; or
 - (c) Request an administrative hearing in writing. A response must be submitted on a form provided by the agency.
- (2) What happens if a licensee does not respond to the administrative violation notice within twenty days?**
 - (a) If a licensee does not respond to the administrative violation notice within twenty days, the recommended suspension penalty will go into effect.
 - (b) If the penalty does not include a suspension, the licensee must pay a 25% late fee in addition to the recommended penalty. The recommended penalty plus the late fee must be received within thirty days of the violation notice issue date.
- (3) What are the procedures when a licensee requests a settlement conference?**
 - (a) If the licensee requests a settlement conference, the hearing examiner or designee will contact the licensee to discuss the violation.
 - (b) Both the licensee and the hearing examiner or designee will discuss the circumstances surrounding the charge, the recommended penalty, and any aggravating or mitigating factors.
 - (c) If a compromise is reached, the hearing examiner or designee will prepare a compromise settlement agreement. The hearing examiner or designee will forward the compromise settlement agreement, authorized by both parties, to the board, or designee, for approval.
 - i. If the board, or designee, approves the compromise, a copy of the signed settlement agreement will be sent to the licensee and will become part of the licensing history.
 - ii. If the board, or designee, does not approve the compromise, the licensee will be notified of the decision. The licensee will be given the option to renegotiate with the hearings examiner or designee, of accepting the originally recommended penalty, or of requesting an administrative hearing on the charges.
 - (d) If the licensee and the hearing examiner or designee cannot reach agreement on a settlement proposal, the licensee may accept the originally recommended penalty, or the hearing examiner or designee will forward a request for an administrative hearing to the board's hearings coordinator.

New Section. WAC 314-55-515 What are the penalties if a marijuana license holder violates a marijuana law or rule?

- (1) The purpose of WAC 314-55-515 through 314-55-540 is to outline what penalty a marijuana licensee can expect if a licensee or employee violates a liquor control board law or rule. (WAC rules listed in the categories provide reference areas, and may not be all inclusive.)

- (2) Penalties for violations by marijuana licensees or employees are broken down into four categories:
- (a) Group One -- Public safety violations, WAC 314-55-520.
 - (b) Group Two -- Regulatory violations, WAC 314-55-525.
 - (c) Group Three -- License violations, WAC 314-55-530.
 - (d) Group Four -- Producer violations involving the manufacture, supply, and/or distribution of marijuana by nonretail licensees and prohibited practices between nonretail licensees and retail licensees, WAC 314-55-535.
- (3) For the purposes of chapter 314-55 WAC, a three year window for violations is measured from the date one violation occurred to the date a subsequent violation occurred.
- (4) The following schedules are meant to serve as guidelines. Based on mitigating or aggravating circumstances, the liquor control board may impose a different penalty than the standard penalties outlined in these schedules. Based on mitigating circumstances, the board may offer a monetary option in lieu of suspension, or alternate penalty, during a settlement conference as outlined in WAC 314-55-510(3).

(a) Mitigating circumstances	(b) Aggravating circumstances
<p>Mitigating circumstances that may result in fewer days of suspension and/or a lower monetary option may include demonstrated business policies and/or practices that reduce the risk of future violations.</p> <p>Examples include:</p> <ul style="list-style-type: none"> • Having a signed acknowledgment of the business' responsible handling and sales policies on file for each employee; • Having an employee training plan that includes annual training on marijuana laws. 	<p>Aggravating circumstances that may result in increased days of suspension, and/or increased monetary option, and/or cancellation of marijuana license may include business operations or behaviors that create an increased risk for a violation and/or intentional commission of a violation.</p> <p>Examples include:</p> <ul style="list-style-type: none"> • Failing to call 911 for local law enforcement or medical assistance when requested by a customer, a liquor control board officer, or when people have sustained injuries.

New Section. WAC 314-55-520 Group 1 violations against public safety.

Group 1 violations are considered the most serious because they present a direct threat to public safety. Based on RCW 69.50, some violations have only a monetary option. Some violations beyond the first violation do not have a monetary option upon issuance of a violation notice. The liquor control board may offer a monetary option in lieu of suspension days based on mitigating circumstances as outlined in WAC 314-55-515(4).

Violation Type	1st Violation	2nd Violation in a three -year window	3rd Violation in a three -year window	
Violations involving minors: Sale or service to minor: Sale of marijuana and/or paraphernalia to a person under 21 years of age WAC 314-55-079	10 day suspension or \$2500 monetary option	30 day suspension	Cancellation of license	
Allowing a minor to frequent a restricted area. RCW 69.50.357	\$1000 monetary fine	\$1000 monetary fine	\$1000 monetary fine	
Employee under legal age RCW 69.50.357	\$1000.00 monetary fine	\$1000.00 monetary fine	\$1000.00 monetary fine	\$1000.00 monetary fine
Licensee and/or employee open and/or consuming marijuana on a retail licensed premises RCW 69.50.357	\$1000.00 monetary fine	\$1000.00 monetary fine	\$1000.00 monetary fine	\$1000.00 monetary fine

Conduct violations: Criminal conduct: Permitting or engaging in criminal conduct.	10 day suspension or \$2500 monetary option	30 day suspension	Cancellation of license	
Refusal to allow an inspection and/or obstructing a law enforcement officer from performing their official duties. WAC 314-55-050	10 day suspension or \$2500 monetary option	30 day suspension	Cancellation of license	
Marijuana purchased from an unauthorized source Marijuana sold to an unauthorized source Sales in excess of transaction limitations WAC 314-55-095(3)	Cancellation of license Cancellation of license Cancellation of license			

New Section. WAC 314-55-525 Group 2 regulatory violations.

Group 2 violations are violations involving general regulation and administration of retail or nonretail licenses.

Violation Type	1st Violation	2nd Violation in a three -year window	3rd Violation in a three -year window	4th Violation in a three -year window
Hours of service: Sales of marijuana between 2:00 a.m. and 6:00 a.m.	5 day suspension or \$500 monetary option	10 day suspension or \$2,500 monetary option	30 day suspension	Cancellation of license
Advertising: violations (statements / illustrations) WAC 314-55-155(2)	5 day suspension or \$500 monetary option	10 day suspension or \$2,500 monetary option	30 day suspension	Cancellation of license
Advertising violations – sign exceeding 1600 square inches; within 1000 feet of prohibited areas; on or in public transit vehicles, shelters, or publicly owned or operated property RCW 69.50.357 RCW 69.50.369	\$1000.00 monetary fine	\$1000.00 monetary fine	\$1000.00 monetary fine	\$1000.00 monetary fine
Packaging and /or Labeling violations (Processor / Retailer) WAC 314-55-105	5 day suspension or \$500 monetary option	10 day suspension or \$2,500 monetary option	30 day suspension	Cancellation of license
Licensee / employee failing to	5 day suspension	10 day suspension or	30 day suspension	Cancellation of license

display required security badge WAC 314-55-083(1)	or \$500 monetary option	\$2,500 monetary option		
Failure to maintain required security alarm and surveillance systems WAC 314-55-083 (2)(3)	5 day suspension or \$500 monetary option	10 day suspension or \$2,500 monetary option	30 day suspension	Cancellation of license
Records: Improper recordkeeping. WAC 314-55 087 WAC 314-55-089 (3)(4)(5)	5 day suspension or \$500 monetary option	10 day suspension or \$2,500 monetary option	30 day suspension	Cancellation of license
Failure to submit monthly tax reports and/or payments WAC 314-55-089 WAC 314-55-092	5 day suspension or \$500 monetary option	10 day suspension or \$2,500 monetary option	30 day suspension	Cancellation of license
Signs: Failure to post required signs. WAC 314-55-086	5 day suspension or \$500 monetary option	10 day suspension or \$2,500 monetary option	30 day suspension	Cancellation of license
Failure to utilize and/or maintain traceability (Processor or Retail licensee) WAC 314-55-083(4)	5 day suspension or \$500 monetary option	10 day suspension or \$2,500 monetary option	30 day suspension	Cancellation of license
Violation of transportation requirements WAC 314-55-085	5 day suspension or \$500 monetary option	10 day suspension or \$2,500 monetary option	30 day suspension	Cancellation of license
Exceeding	5 day	10 day	30 day	Cancellation of

maximum serving requirements for marijuana infused products WAC 314-55-095(2)	suspension or \$500 monetary option	suspension or \$2,500 monetary option	suspension	license
Failure for a processor to meet marijuana waste disposal requirements WAC 314-55-097	5 day suspension or \$500 monetary option	10 day suspension or \$2,500 monetary option	30 day suspension	Cancellation of license
Failure to maintain standardized scale requirements (processor / retailer) WAC 314-55-099	5 day suspension or \$500 monetary option	10 day suspension or \$2,500 monetary option	30 day suspension	Cancellation of license
Marijuana processor extraction requirements WAC 314-55-104	5 day suspension or \$500 monetary option	10 day suspension or \$2,500 monetary option	30 day suspension	Cancellation of license
Retail outlet selling unauthorized products RCW 69.50.357	\$1000.00 monetary fine	\$1000.00 monetary fine	\$1000.00 monetary fine	\$1000.00 monetary fine
Retailer displaying products in a manner visible to the general public from a public right of way RCW 69.50.357	\$1000.00 monetary fine	\$1000.00 monetary fine	\$1000.00 monetary fine	\$1000.00 monetary fine

New Section. WAC 314-55-530 Group 3 license violations

Group 3 violations are violations involving licensing requirements, license classification, and special restrictions.

Violation Type	1st Violation	2nd Violation in a three -year window	3rd Violation in a three -year window	4th Violation in a three -year window
True party of interest violation. WAC 314-55-035	Cancellation of license			
Failure to furnish required documents. WAC 314-55-050	Cancellation of license			
Misrepresentation of fact. WAC 314-55-050	Cancellation of license			
Operating plan: Violations of a board-approved operating plan. WAC 314-55-020	5 day suspension or \$500 monetary option	10 day suspension or \$1,500 monetary option	30 day suspension	Cancellation of license
Failing to gain board approval for changes in existing ownership WAC 314-55-120	30 day suspension	Cancellation of license		
Failure to maintain required insurance WAC 314-55-080	30 day suspension	Cancellation of license		

New Section. WAC 314-55-535 Group 4 marijuana producer violations.

Group 4 violations are violations involving the manufacture, supply, and/or distribution of marijuana by marijuana producer licensees and prohibited practices between a marijuana producer licensee and a marijuana retailer licensee.

Violation type	1st Violation	2nd Violation in a three-year window	3rd Violation in a three -year window	4th Violation in a three -year window
Unauthorized sale to a retail licensee WAC 314-55-075	\$2500 monetary fine	Destruction of 25% of harvestable plants	Destruction of 50% of harvestable plants	Cancellation of license
Failure to utilize and/or maintain traceability WAC 314-55-083(4)	\$2500 monetary fine	Destruction of 25% of harvestable plants	Destruction of 50% of harvestable plants	Cancellation of license
Packaging and /or Labeling violations (producer) WAC 314-55-105	\$2500 monetary fine	Destruction of 25% of harvestable plants	Destruction of 50% of harvestable plants	Cancellation of license
Unauthorized product/unapproved storage or delivery	\$2500 monetary fine	Destruction of 25% of harvestable plants	Destruction of 50% of harvestable plants	Cancellation of license
Failure for a producer to meet marijuana waste disposal requirements WAC 314-55-097	\$2500 monetary fine	Destruction of 25% of harvestable plants	Destruction of 50% of harvestable plants	Cancellation of license
Records: Improper recordkeeping WAC 314-55 087	\$2500 monetary fine	Destruction of 25% of harvestable plants	Destruction of 50% of harvestable plants	Cancellation of license

WAC 314-55-089 (2)(4) WAC 314-55-092				
Violation of transportation requirements WAC 314-55-085	\$2500 monetary fine	Destruction of 25% of harvestable plants	Destruction of 50% of harvestable plants	Cancellation of license
Failure to maintain required security alarm and surveillance systems WAC 314-55-083 (2)(3)	\$2500 monetary fine	Destruction of 25% of harvestable plants	Destruction of 50% of harvestable plants	Cancellation of license
Failure to maintain standardized scale requirements (producer) WAC 314-55-099	\$2500 monetary fine	Destruction of 25% of harvestable plants	Destruction of 50% of harvestable plants	Cancellation of license
Violation				

New Section. WAC 314-55-540 Information about marijuana license suspensions.

- (1) On the date a marijuana license suspension goes into effect, a liquor control officer will post a suspension notice in a conspicuous place on or about the licensed premises. This notice will state that the license has been suspended by order of the liquor control board due to a violation of a board law or rule.
- (2) During the period of marijuana license suspension, the licensee and employees:
 - (a) Are required to maintain compliance with all applicable marijuana laws and rules;
 - (b) May not remove, alter, or cover the posted suspension notice, and may not permit another person to do so;
 - (c) May not place or permit the placement of any statement on the licensed premises indicating that the premises have been closed for any reason other than as stated in the suspension notice.
 - (d) May not advertise by any means that the licensed premises is closed for any reason other than as stated in the liquor control board's suspension notice.
- (3) During the period of marijuana license suspension:
 - (a) A marijuana retailer or marijuana processor licensee may not operate his/her business during the dates and times of suspension

- (b) There is no sale, delivery, service, destruction, removal, or receipt of marijuana during a license suspension.
- (c) A producer of marijuana may do whatever is necessary as a part of the producing process to keep current stock that is on hand at the time of the suspension from spoiling or becoming unsalable during a suspension, provided it does not include processing the product. The producer may not receive any agricultural products used in the production of marijuana during the period of suspension.

###

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, May 28, 2013 9:44 AM
To: 'Fredrick Dent'
Subject: RE: marijuana dispensaries and retail stores.

There is no provision in the new law for marijuana leaves. The initiative doesn't impact medical marijuana so if you are able to obtain the leaves from a medical marijuana dispensary now you will continue to get them in the future.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Fredrick Dent [<mailto:fredrickdent@gmail.com>]
Sent: Monday, May 27, 2013 12:55 PM
To: rules
Subject: marijuana dispensaries and retail stores.

Liquor Control Board, I have a question regarding green marijuana leaf for nutritional and medicinal use. Fresh leaves have virtually no THC but are abundant in cannabinoids that research has shown to be beneficial for health either eaten or juiced. What provisions are there for fresh, not dried cannabis products? Thank you,
Fredrick Dent

--

J. Fredrick Dent
Anthropologist
Filmmaker
<http://www.facebook.com/JFredrickDent>

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, May 28, 2013 9:40 AM
To: 'Kind Farmers'
Subject: RE: Questions regarding I-502 - Banking/Financier

KF,

I have no information on banks and what they will and won't do. We have been told that banks will not do business with marijuana business because marijuana is illegal at the federal level. I know of no financial institutions that will work with any marijuana business.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Kind Farmers [<mailto:kindfarmers@live.com>]
Sent: Monday, May 27, 2013 5:12 PM
To: rules
Subject: Questions regarding I-502 - Banking/Financier

Hello,

We are considering applying for an application this September but have some questions about financing. I know most banks might not be willing to work with clients because of federal pressure, but I imagine that some have to be willing to make loans for people who are interested in opening up a new cannabis businesses in WA. I was wondering how the bank will deal with the financier terms by submitting fingerprints and such? To me the bank will make the loan, not an individual and so I was wondering how it would work if we were able to secure a loan from a local bank?

Also, do you know of any financial institutions that have an interest in helping out people such as ourselves.

Thanks for all your time and hard work on drafting the rules for I-502! We look forward to your response.

KF

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, May 28, 2013 9:38 AM
To: 'Brian Hawkins'
Subject: RE: I502

There is no limit on the number of plants a producer can have. There is no THC quality requirement.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Brian Hawkins [<mailto:briman20069@gmail.com>]
Sent: Tuesday, May 28, 2013 4:44 AM
To: rules
Subject: I502

I'm curious of how many plants the producer can have and the THC quality that is required

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, May 28, 2013 9:36 AM
To: 'Jim & Kay Forrest'
Subject: RE: Pot laws

Jim,

All marijuana licensees will be available through a public record request. Prices will be determined by the market. The board will not be setting prices.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Jim & Kay Forrest [<mailto:trees4@nwi.net>]
Sent: Tuesday, May 28, 2013 7:21 AM
To: rules
Subject: Pot laws

A couple questions on the proposed laws.

- 1) Will you have a list of the growers and processors and retailers for these people to do business with one another? How will this list be monitored to protect the people involved?
- 2) Who, and how will the prices for the pot be established and the different levels?

Jim

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, May 28, 2013 8:44 AM
To: 'k. orton'
Subject: RE: medical issues

Kevin,

I am not well versed in the medical marijuana laws but I think you are allowed to grow your own plants if you are a medical marijuana patient. Initiative 502 did not change anything about medical marijuana. It is for recreational marijuana only.

Karen

From: k. orton [<mailto:cembad@yahoo.com>]
Sent: Monday, May 20, 2013 6:30 PM
To: McCall, Karen J
Subject: Re: medical issues

Karen,

Thank you for your response.

However you did NOT address my issue.

Retaining the right to grow our own medication is paramount to being able to maintain and manage our own health care. As I said funds are limited and without the right to grow leagally? I will grow illeagallly and the state can support my wife and this old man when they arrest and prosecute me for it. As I said. I already live in a prison of a body so what the state will do to me is of little consequence to me personally but, it will effect society as a whole.

Regards,

Kevin P. Orton
31414 SE 97th Street
Issaquah, WA 98027
Home; 425)222-5393
cembad@yahoo.com

From: "McCall, Karen J" <KJM@LIQ.WA.GOV>
To: k. orton <cembad@yahoo.com>
Sent: Monday, May 20, 2013 11:49 AM
Subject: RE: medical issues

Kevin,

You will still be able to obtain you medical marijuana from the medical marijuana businesses. Recreational marijuana does not affect the medical marijuana industry.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: k. orton [<mailto:cembad@yahoo.com>]
Sent: Thursday, May 16, 2013 10:44 PM
To: rules
Subject: medical issues

My wife and I are disabled and living on SS disability she has MS and I have nerve damage w/ amputations from a MRSA infection I contracted from a doctors office. If you take away my ability to grow our own medication then we be forced to resume taking prescription NARCOTIC painkillers with an increased cost to our health care because of the problems associated with long term ingestion of narcotics.

Not ALL scripts are bogus. Our health care provider is one of THE TOP CERTIFIED pain management specialist in the state.

To impose rules on us as you would a commercial venture is ridiculous, get a grip!! There is NO WAY I would be able to afford the price fo our preferred medication if we have to purchase it under the proposed 'legalized' rules.

So given the choice of going back on narcotic pain meds or illegally growing? You will force this old man into becoming exactly which you are trying to eliminate, the criminal element from MMJ use.

Get a clue please and reconsider what it is like for us legitimate medical users.

Regards,

Kevin P. Orton
31414 SE 97th Street
Issaquah, WA 98027
Home; 425)222-5393
cembad@yahoo.com

McCall, Karen J

From: McCall, Karen J
Sent: Wednesday, May 22, 2013 10:44 AM
To: 'Rose Habib'
Subject: RE: Draft Reg Recommendations

Rose,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Rose Habib [<mailto:rose@cannabanalysis.com>]
Sent: Tuesday, May 21, 2013 7:39 PM
To: rules
Cc: Steenhout, Michael L; rose@cannabanalysis.com
Subject: Draft Reg Recommendations

Following are some gaps or needed clarifications on the draft regulations thus far?

314-55-083 sec 3.f: All surveillance recordings must be kept ... 'on the licensees recording device'

I see how recordings should be retained for a minimum amount of time, but off-site storage or cloud storage seems much safer than 'on the licensees recording device' It would be easy for a thief to take and destroy any surveillance video if it was stored on the premises.

314-55-095 Marijuana servings for infused products

Infused products should also have a maximum THCA per serving, for the following reasons:

THCA is an unstable compound and will slowly degrade into THC, making the infused product stronger than the initial analysis will indicate, particularly if you are only requiring THC analysis.

I suggest indicating a MAXIMUM THCA amount of 1 or 2mg per serving.

Also, the 10mg limit for THC needs to have a plus/minus range, 8.5-11.5mg perhaps

314-55-104 Extraction Requirements

Using the word 'solvent' when requiring a closed loop system inadvertently means that a processor using Ethanol to extract would have to use a nonexistent 'closed loop system'. Using the words 'liquid hydrocarbon' or specifying 'IsoButane, Butane, Propane' for the closed loop system use would be clearer. Maybe you could require Ethanol to be collected under 'vacuum distillation' for safety's sake. What about Methanol... also a liquid solvent like Ethanol.

314-55-155: Advertising/Signage

You may want to include a limit on 'lumens' per sign and strobe effects to limit superbright LEDs or drivers distracted by strobes. However, if your general signage regulations do not already include these limitations, they shouldn't apply to marijuana retail stores.

Thank you.

You guys are doing a great, great job.

Sincerely,
Rose Habib

McCall, Karen J

From: McCall, Karen J
Sent: Wednesday, May 22, 2013 10:43 AM
To: 'Gordon Stone'
Subject: RE: initial draft rules 5-16-2013

Gordon,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Gordon Stone [<mailto:gordon@stonethumb.com>]
Sent: Tuesday, May 21, 2013 8:16 PM
To: rules
Subject: initial draft rules 5-16-2013

Looking at the initial draft I do not see anything in here about the environmental conditions for the Cannabis to be grown in other than indoors or green house with rigid wall and a roof. What about the air borne contaminate control requirements and or Smell generated by a large indoor grow facility.

Also in the labeling area it states that:

“(f) warning that discloses all pesticides, herbicides, and fungicides or other compounds used for pest control or plant disease in production and processing.”

This looks like we are asking the consumer to now know the effects of these products on their bodies and they have to look it up? This section simply doesn't make sense, there should be a list of approved products and only those products used and not needing to be disclosed to the consumer because they are safe. You do not see this labeling on produce or the in the floral industry where we are constantly bombarded by these chemicals and not told.

Just my 2 cents,

Gordon Stone

This E-mail, along with any attachments, is considered confidential and may well be legally privileged. If you have received it in error, you are on notice of its status. Please notify us immediately by reply e-mail and then delete this message from your system. Please do not copy it or use it for any purposes, or disclose its contents to any other person. Thank you for your cooperation.

McCall, Karen J

From: McCall, Karen J
Sent: Wednesday, May 22, 2013 10:42 AM
To: 'monkey netherlands'
Subject: RE:

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

The three month residency requirement was written into I-502 that was approved by the citizens of Washington. The board cannot change the law by rule. It will take a legislative change to modify the residency requirement.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: monkey netherlands [<mailto:sfkill4@gmail.com>]
Sent: Wednesday, May 22, 2013 8:51 AM
To: rules
Subject:

I guess putting people who make 5 figure salaries in charge of a billion dollar industry was a bad move. I tried to tell everyone the lobbyist's were here with millions in cash.

I don't blame any one of you for selling us out (Washington state and the worldwide legend that we are in the cannabis world) I may have done the same. Money talks. Just know, law suits will be filed, law enforcement is pissed, and you guys are looking to hold the door open for ant criminal from anywhere in the world to come here for 3 months, set up prostitution and car theft rings, then start growing weed.

I told anyone who would listen 3-5 year residency restriction (registered voter) eliminate violent felons, let the hard working folks who have been growing for years get what they deserve.

You guys screwed up. I know this is a draft, but you all ready handed it to the corporations. And the people you hired for advice? Wow.... waaaaaaaaaayyyyyyy off. Cali is much different than the Puget sound.

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, May 21, 2013 1:29 PM
To: 'jkl lovelace'
Subject: RE: Special considerations?

James,

You should contact your state representatives or senators for your district. I don't have that information but you can go to the legislature website at www.leg.wa.gov and find it.

Karen

From: jkl lovelace [<mailto:jkljl@hotmail.com>]
Sent: Tuesday, May 21, 2013 8:35 AM
To: McCall, Karen J
Subject: RE: Special considerations?

Karen,

Thank you so much for your quick response. I appreciate it.

Clearly the limitations set by the 1000-foot rule makes for an "unfair" distribution of marijuana shops. If individual consideration cannot be given by individual city government then three obvious things will happen:

1. Larger cities will have a better chance of finding acceptable space under the current law. But the sale of marijuana may be limited to seedy areas where a number of shops are allowed.
2. Smaller towns, or efficiently designed communities, are denied the benefits of it's commercial enterprise all together.
3. The illegal sale of marijuana will continue to be a bigger problem than need be.

How would I go about getting the legislative change?

Names?

Numbers?

Email addresses?

Again, thank you for your reply. I was tickled to get it.

Keep smilin',
James Lovelace
(425) 255-1985

Subject: RE: Special considerations?
Date: Mon, 20 May 2013 16:31:00 -0700
From: KJM@LIQ.WA.GOV
To: jkljl@hotmail.com

James,

The law prohibits the board from issuing a license within 1000 feet from several locations and a library is one of those locations. A bus stop is not one of those locations. "Public transit center" means sheltered waiting areas located where several bus routes converge. They serve as efficient hubs to allow bus riders from various locations to assemble at a central point to take advantage of express trips or other route to route transfers.

A legislative change would be required to allow a marijuana license within 1000 feet of a library.

Karen McCall

Rules Coordinator

WSLCB

360-664-1631

From: jkl lovelace [<mailto:jlkljl@hotmail.com>]

Sent: Friday, May 17, 2013 1:05 PM

To: rules

Subject: Special considerations?

The city core (of the small town I live in) is the only area available to open a retail marijuana store. But the only real problem is it's too close to the library and a bus stop.

If the city wants to make an exception and allow a shop to go in, what has to be done in order for this to happen?

James

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, May 21, 2013 1:24 PM
To: 'fssvries tds.net'
Subject: RE: Cannabis Grow Input

Fred,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: fssvries tds.net [<mailto:fssvries@tds.net>]
Sent: Tuesday, May 21, 2013 10:34 AM
To: rules
Subject: Cannabis Grow Input

We need outdoor grow! Let the soil,sun,and air be the main ingredient.
Indoor grow is one huge carbon footprint.An 8 foot fence for security and
to shield it from the public eye.

Sincerely,
Fred vieswyk
Amboy,wa.

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, May 21, 2013 1:20 PM
To: 'Tom Williams'
Subject: RE: question concerning usable marijuana

Tom,

You can email me your question and I will attempt to answer it for you.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Tom Williams [<mailto:tom@tclaywilliams.com>]
Sent: Tuesday, May 21, 2013 12:18 PM
To: rules
Subject: question concerning usable marijuana

Dear Rules Coordinator,

I have a question concerning the definition of usable marijuana under the 1 oz transaction rule. I understand this is a comment forum but, I was wondering if it's possible to correspond with someone concerning this clarification.

Thank You,

Tom Williams
(206) 683-6707

McCall, Karen J

From: McCall, Karen J
Sent: Monday, May 20, 2013 5:11 PM
To: 'David@bigfrickinadventures.com'
Subject: RE: Questions regarding I-502 Draft Rules

David,

Law enforcement may not access a personal residence without notice or cause.

Karen

From: David [mailto:David@bigfrickinadventures.com]
Sent: Monday, May 20, 2013 4:23 PM
To: McCall, Karen J
Subject: Re: Questions regarding I-502 Draft Rules

That statement that you quoted is not in the Draft that was released.

Here is what is in the draft:

New Section. WAC 314-55-015

General information about marijuana licenses.

- (1) A person or entity must meet certain qualifications to receive a marijuana license, which are continuing qualifications in order to maintain the license.
- (2) All applicants and employees working in each licensed establishments must be at least twenty-one years of age.
- (3) Minor restricted signs must be posted at all marijuana licensed premises.
- (4) A marijuana license applicant may not exercise any of the privileges of a marijuana license until the board approves the license application.
- (5) The board will not approve any marijuana license for a location where law enforcement access, without notice or cause, is limited.**

There is nothing that says anything about a residence. There is nothing about 'residence' in the entire draft.

Clarification please?

On 5/20/2013 3:11 PM, McCall, Karen J wrote:

"The board will not approve any marijuana license for a location where law enforcement access, without notice or cause, is limited, which would include a residence." This statement means a personal residence. A business located in a leased building is not a personal residence.

-----Original Message-----

From: David [mailto:David@bigfrickinadventures.com]
Sent: Monday, May 20, 2013 3:07 PM
To: McCall, Karen J
Subject: Re: Questions regarding I-502 Draft Rules

Thanks Karen.

I did not understand from the Draft Rules that local jurisdictions would

dictate where licenses would be allowed. I understood from the draft that they could object to a license application, but not that they could dictate the location.

I'm not sure I understand the "The board will not approve any marijuana license for a location where law enforcement access, without notice or cause, is limited, which would include a residence."

Why would law enforcement have more trouble with a building on personal property than one located in an industrial area?

This is a very confusing part of the draft rules. I hope that the WLCB will clarify this issue. And soon. This is making next to impossible to make any kind of concrete plan.

Thanks again.

On 5/20/2013 2:54 PM, McCall, Karen J wrote:

David,

You should check with your local jurisdiction to find out if they are only going to allow marijuana licenses in industrial/commercial zoned areas. The board will not approve any marijuana license for a location where law enforcement access, without notice or cause, is limited, which would include a residence.

Karen

-----Original Message-----

From: David [<mailto:David@bigfrickinadventures.com>]

Sent: Monday, May 20, 2013 2:47 PM

To: McCall, Karen J

Subject: Re: Questions regarding I-502 Draft Rules

Thank you Karen for your prompt reply!

One point of clarification - If you have a farm, and live in the house

on the property but have a separate structure - like a large barn - as

long as all the conditions for the building (per I-502 Draft Rules) were met, would that be allowable?

I'm trying to understand if this is only going to be allowed in an industrial/commercial setting.

Thanks again,

David

On 5/20/2013 1:25 PM, McCall, Karen J wrote:

David,

I have answered your questions below after each question.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

-----Original Message-----

From: David [<mailto:mtresources@hotmail.com>]
Sent: Monday, May 20, 2013 1:12 PM
To: rules
Subject: Questions regarding I-502 Draft Rules

Greetings,

I have a couple of questions pertaining to the Initial Draft Rules.

Concerning growing spaces; What if I live in a rural/agricultural area in a barn that has been converted to a living space, but has ample

area

for a licensed growing operation. Would that be allowed? No.

Living

in the same space as the licensed operation? No.

If that is allowed, how will that affect minors (those under 21) from

visiting your place of residence? Would rigid controls to ensure no access of minors the growing area be sufficient?

Secondly, are licenses tied to individuals or to locations? Location.

By that I mean can someone apply for a license without already having

secured the growing space? No. Or will potential licensees need to have both growing space and funding secured by the time of license application? They will need to have a location. Funding will need to be secured before the application will be approved.

Third; is the State going to issue further information on the plan for tracking 'seed to store'? Yes. Will there be a unified requirement, ala RFID chips on plant containers, or will licensees

need to come up with a system of their own? The
board will have a
traceability

system.

Lastly, will there be a State issued symbol for crops
that are 100%
organic (certified by lab testing) and use no
pesticides, herbicides,

fungicides or any other pest/fungal chemical
controls? The board is
still considering this issue.

Kudos to WLCB on these Initial Draft Rules! So many
great things are

contained in the draft that will ensure the safety
and quality of
this new Washington State product.

Thank you for your time and attention,

David Moore

McCall, Karen J

From: McCall, Karen J
Sent: Monday, June 10, 2013 1:38 PM
To: 'Kevin Shaughnessy'
Subject: RE: Input

Kevin,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

I answered your questions below.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Kevin Shaughnessy [<mailto:shaugh77@gmail.com>]
Sent: Monday, June 10, 2013 9:49 AM
To: rules
Subject: Input

I have a few issues with the draft rules:

1. Because of the "seed to store" concept proposed, does that mean that people awarded producer licenses can begin growing on Dec. 1, but must start from seed? That would mean it would take at least 6 months for any cannabis to be available in retail outlets, and even longer to have enough to meet demand, and quality would suffer while quality mother plants are identified and cloned.

If producers were allowed to utilize clones from the medicinal market that have already been identified as having good genetic traits, sufficient quantities of good cannabis could make it to the retail outlets a lot sooner, which is good for everyone.

Can producers use clones to get the ball rolling, then be required to begin from seed once things get going?
Yes.

2. The rules need clarification about who can invest in 502 business. Can no one from out of state have an equity stake in the company? No. Can loans come from out of state? No.

3. What is the policy of using tobacco in cannabis products? Yes. You can't sell tobacco products, but it would be consider an infused product. For instance, pre-rolled marijuana cigars wrapped in a tobacco leaf (a blunt).

Thanks!

Kevin Shaughnessy

McCall, Karen J

From: McCall, Karen J
Sent: Monday, June 10, 2013 1:10 PM
To: 'Kamuron Gurol'
Subject: RE: Sammamish Comment on I-502 rules

Kamuron,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Kamuron Gurol [<mailto:kgurol@sammamish.us>]
Sent: Monday, June 10, 2013 12:59 PM
To: rules
Cc: Susan Cezar; Melonie Anderson; Lyman Howard; Candice Bock (candiceb@awcnet.org); Jessica Sullivan; Beth Carpenter
Subject: Sammamish Comment on I-502 rules

TO: Rules Coordinator, Liquor Control Board

FM: Kamuron Gurol, Director of Community Development, City of Sammamish

We offer the following comments to the Liquor Control Board process for the I-502 Draft Rules:

- We understand the LCB process for commenting on a license application for a marijuana producer, processor, or retailer will be similar to the current process used for local government comment on liquor licenses. Our experience has been with liquor license applications for craft distillery, micro-brewery and similar facilities.
- In commercial zones, city staff have not offered comment to the LCB. However, staff have either commented or attempted to comment on those liquor licenses where the proposed business is a home-based business in a residential zone. Such commercial uses in residential areas may create impacts or concerns that adversely affect nearby homes.
- The time frame for commenting is very short, only 20 days with a one 20 day extension available if requested. In practice, we have sometimes missed the opportunity for an extension and the license is issued.
- If possible, we request additional information from the applicant, since very little information is usually included in the application, and is not what is needed to review for compliance with home

business regulations. This process is not a very effective mechanism for determining if the application meets City requirements or not.

- Ideally, LCB rules for both liquor and marijuana should require the applicant to include all the information necessary to determine if the application is in compliance with city regulations so we do not need to ask for an extension or additional information from the applicant.

Thank you for the opportunity to offer comments. Please let me know if you have questions or need more information.

Please be aware that email communication with Council Members or City staff is a public record and is subject to disclosure upon request.

McCall, Karen J

From: McCall, Karen J
Sent: Monday, June 10, 2013 10:32 AM
To: 'Marilyn Rasmussen'
Subject: RE: marijuana rules

Marilyn,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Marilyn Rasmussen [<mailto:mrasmussen@crschools.org>]
Sent: Monday, June 10, 2013 9:00 AM
To: rules
Subject: marijuana rules

As an elementary and middle school counselor, PLEASE make sure that the negative effects of marijuana usage are made clear. When I teach substance prevention curriculum, students are already telling me that marijuana must be good for you, because doctors prescribe it. Please don't allow advertising that would make marijuana look desirable. I have seen far too many examples of people (even young teens) who start using marijuana and lose all initiative to study or work.

Marilyn Rasmussen, Counselor
Castle Rock Elementary and Middle Schools

McCall, Karen J

From: McCall, Karen J
Sent: Monday, June 10, 2013 10:32 AM
To: 'Avner Gigi'
Subject: RE: draft rules and residency requirements

John,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

The residency requirement was contained in the initiative. It will require a legislative change to remove the residency requirement.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Avner Gigi [<mailto:avnergigi@gmail.com>]
Sent: Monday, June 10, 2013 9:06 AM
To: rules
Subject: draft rules and residency requirements

To Whom it May Concern:

After reading the draft rules published concerning Marijuana Licenses, Application Process, Requirements, and Reporting, I am both satisfied that thought and consideration has been used in writing the initial draft and concerned regarding a few of the details outlined.

My primary concerns are with the application and requirements sections of the draft.

First of concern, the requirement of residency for all licensees. This seemingly creates an unnecessary burden on owners involved in partnerships as well as owners and managers/staffers living in border areas such as Vancouver. Background checks provided for in the application process seem sufficient to screen out unsuitable applicants, while the residency requirement serves primarily to disqualify individuals that would otherwise be deemed suitable applicants.

Also the disqualification of persons based only on geography has the potential to lead to litigation which may disrupt the implementing of all the rules.

Second issue of concern is the definition of [True Parties of Interest] and the requirement that they meet the same requirements as the licensees. Again the issue of residency is at issue. Non-managing partners, the spouses of partners and share holders who are not considered corporate officers should only be vetted to determine influence they may have in the operations of the company.

Non-managing partners will be given full criminal and financial background checks however these persons may or may not live in Washington State. Spouses of [True Parties of Interest] are private individual who's connection to the enterprise needs to be determined prior to denying a license to an applicant. And any attempt to consider share holders in a publicly held corporation as [True Parties of Interest] precludes the corporation from a) functioning as a publicly traded entity or b) receiving licensing as a marijuana retailer.

The overall mechanisms put into place governing the tracking, reporting, licensing, and ongoing reviewing of licensees for the purposes of renewal coupled with background checks and ongoing financial reporting serve to ensure compliance with the intended purposes of these regulations.

The inclusion of residency requirements that complicate ownership and discount the realities of living in a commuter society particularly in border areas of the state seems an unneeded complication.

Thank you for your consideration.

Sincerely:

John M Fennessey

McCall, Karen J

From: McCall, Karen J
Sent: Monday, June 10, 2013 10:29 AM
To: 'Susan Barker'
Subject: RE: Comments

Susan,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Susan Barker [<mailto:sbarker@crschools.org>]
Sent: Monday, June 10, 2013 9:11 AM
To: rules
Subject: Comments

While I am saddened by the recent passage of the marijuana bill in our state, I embrace and understand our democratic process. That being said, I fully support the comments and requests for consideration shared by WASAVP with particular attention to the rules around advertising.

Here we have watched use of marijuana among our youth rise and in many cases with fairly direct links to medical marijuana. With increased access and availability to anyone over 21, I would expect student use to increase yet again.

As a school district we are investing local dollars to hire a full-time Prevention/Intervention specialist. While originally assigned to our high school, we are finding more and more middle school students in need of her services and I am considering how to start even earlier with efforts aimed at prevention addressed at the elementary. These are troubling events.

Greater visibility and availability of marijuana will make our jobs in the school house more difficult. Please give thoughtful consideration to the WASAVP proposals to assist us in increasing protective factors for our youth.

Respectfully,

Susan Barker, Superintendent
Castle Rock School District
sbarker@crschools.org
360.501.2940

McCall, Karen J

From: McCall, Karen J
Sent: Monday, June 10, 2013 10:21 AM
To: 'shawn denae'
Subject: RE: I-502 Rules

Shawn,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

The initiative only allows licensed marijuana processors to purchase marijuana from licensed marijuana producers.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: shawn denae [<mailto:shawndenae11@gmail.com>]
Sent: Monday, June 10, 2013 9:56 AM
To: rules; Davenport, Steve; Steenhout, Michael L
Subject: I-502 Rules

I have been circling around the important issues of addressing the Cottage Industry currently supplying MJ products and how they might fit into I-502. We heard over and over during the forums that this group of small scale producers want to part of the legal system and allow taxes to be collected.

The fact is that if there is not an avenue they can afford to fit within, they will still produce and provide product to those they have had connections with for years. It is a matter of livelihood for many home growers that will not disappear; it is their passion. We are talking little more than grocery money for many.

I have heard over and over there is a real concern of the initial demand being met once recreational stores open. Since this Cottage Industry is already meeting the demand, it can be a valuable resource of product and knowledge to the legal system if given a path of compliance within they taxed system.

A possible solution:

Create rules that allow licensed Processors to purchase small amounts of cannabis - Ex: no more than 1 pound / .5 of a lot per month - from any one Collective Garden or individual.

The Processor then pays the 25% tax upon this wholesale purchase, takes on the responsibility of testing, packaging, distributing and tracking.

In this way, the concern of the currently working non-taxed suppliers is included within the taxed system but held to minimum production levels.

I hope this gives an idea of a path for the LCB to address this real issue.

Thank you,
Shawn Eddy-Wagenseller
206-362-0203

McCall, Karen J

From: McCall, Karen J
Sent: Monday, June 10, 2013 8:16 AM
To: 'Crystal Church'
Subject: RE: Comment on I-502 Draft

Crystal,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. The renewal fees for the marijuana licenses are set in law and cannot be increased without legislation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Crystal Church [<mailto:crystal.church@kccn.org>]
Sent: Monday, June 10, 2013 7:55 AM
To: rules
Subject: Comment on I-502 Draft

To Whom it May Concern,

The Kittitas County Community Network & Coalition's Consequences Subcommittee recommends that the re-licensing fee be increased from it's current \$1000 price to \$10,000.

Thank you for your consideration,

--
Crystal Church, Prevention Coordinator
Kittitas County Community Network & Coalition
PO Box 881
219 W. 3rd Avenue
Ellensburg, WA 98926
(work) 509-962-9775 www.kccn.org
(cell) 509-306-1124
Find us on Facebook

McCall, Karen J

From: McCall, Karen J
Sent: Monday, June 10, 2013 8:14 AM
To: 'Dan Devlin'
Subject: RE: 502 draft rule comment WAC 314-55-105

Dan,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Dan Devlin [<mailto:manresllc@gmail.com>]
Sent: Monday, June 10, 2013 7:57 AM
To: rules
Subject: 502 draft rule comment WAC 314-55-105

RE: New Section WAC 314-55-105

1. All useable marijuana and marijuana products must be stored behind a counter or other barrier **to ensure the customer does not have direct access to the product.** ?????

Why restrict the consumers access? Is it concern for the low risk of theft in a highly secure environment? Is is a concern that the consumer cannot control his/her impulse buys? This provision is counter to the whole philosophy of educating the consumer and allowing them to make informed decisions as to products that are totally new to them and those best suited for their consumption!

My initial research of those consumers who are not currently consuming cannabis indicates that they have little to no idea that products other than reefers, baggies and brownies will be available. Infusions will appeal to many consumers but different ingredients, calories or perhaps topicals enter into the consumer choice. By not being able to inspect the package and the labeling, at their leisure, a consumer will be reluctant or at the very least limited in exploration. Non dairy, non nut, sugar free, what type of artificial sweetener, amount of gluten, artificial or natural flavoring, type of oil, the list goes on and in combination with price add up to an informed buying decision.

A counter sales environment requires a high degree of interaction between the store personnel and the customer. Many consumers are self conscious in a counter sales environment unless they are seeking a specific product, such as a prescription drug. Many times sales pressure leads to a poor buyers decision. Allowing the consumer to browse and inspect at their convenience will allow for education and freedom of choice without the influence of the counter salesperson or the time pressure caused by a line of consumers waiting for service. Just imagine that 6 or 7 consumers enter a store with two sales people and the consumers are interested in new products or perhaps atypical products, the counter person brings maybe one or two items out for inspection at a time that

they think the consumer would want whereas there maybe 15 or 20 items that would be of interest to that consumer. Time is being wasted, other customers are getting frustrated and the product processors are being denied an opportunity to adequately present their products. With limits on advertising, point of sale and packaging are important to both the consumer, the processor and retailer. A physical division between the consumer and the products will significantly impair an educated decision!

--

Dan Devlin, MBA
Management Resource LLC
Business Consulting and Services
manresllc@gmail.com
253-353-2725

McCall, Karen J

From: McCall, Karen J
Sent: Friday, June 07, 2013 2:36 PM
To: 'janet matula'
Subject: RE: a few questions...

Janet,

A local government could require marijuana business be in an area with specific zoning (industrial, agricultural, etc.). I've heard many local governments are saying that they will not allow marijuana businesses because marijuana is illegal federally. The board can't force a local government to issue a license, but the board will not deny a marijuana license based on zoning. That will be an issue the applicant will need to take up with the local government. There may be applicants that sue their local governments on this issue.

Karen

From: janet matula [<mailto:janetmatula@me.com>]
Sent: Friday, June 07, 2013 2:31 PM
To: McCall, Karen J
Subject: Fwd: a few questions...

Karen,

Can a government entity impose a ban on any of the licenses? I don't know what you mean by this question.

In other words, could a township, city, county impose a ban on marijuana grower, processor, retail if they wanted. ei: Not in our backyard.

Thanks for all of your additional information.

Janet

Begin forwarded message:

From: "McCall, Karen J" <KJM@LIQ.WA.GOV>
Subject: RE: a few questions...
Date: June 7, 2013 1:19:18 PM PDT
To: janet matula <janetmatula@me.com>

Janet,

I have answered your questions below.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: janet matula [<mailto:janetmatula@me.com>]
Sent: Friday, June 07, 2013 10:02 AM
To: McCall, Karen J
Subject: a few questions...

If a business located within the 1000 foot barrier provided daycare for their employees, does this count as a "child care center? Yes.

Would a licensee be "grandfathered in" should a transit center, playground, etc. be built after marijuana license is granted and/or renewed? Yes.

New Section. WAC 314-55-015 General information about marijuana licenses.: #7

Could you add another business inside a Marijuana Store? ie: clothing? Food not infused? No to all three questions.

Could you combine a liquor license and a marijuana retail in one location? No.

Can you have multiple licenses? ie: grow and retail? You can hold no other marijuana license if you hold a marijuana license. You could hold both a producer and processor license.

Can a government entity impose a ban on any of the licenses? I don't know what you mean by this question.

McCall, Karen J

From: McCall, Karen J
Sent: Monday, June 10, 2013 1:36 PM
To: 'DuComb, Darby'
Subject: RE: City of Seattle LCB MJ Rules Comments

Darby,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: DuComb, Darby [<mailto:Darby.DuComb@seattle.gov>]
Sent: Monday, June 10, 2013 1:16 PM
To: rules
Cc: Holmes, Peter; McGinn, Michael Patrick; Clark, Sally
Subject: City of Seattle LCB MJ Rules Comments

For the Rules Coordinator. Thank you.



Darby N. DuComb
Chief of Staff

Seattle City Attorney's Office
600 4th Avenue, 4th floor
P.O. Box 94769
Seattle, WA 98124-4769
Phone: 206-684-8228
FAX: 206-684-8284
darby.ducomb@seattle.gov

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Seattle City Attorney

Peter S. Holmes

June 10, 2013

Rules Coordinator
Washington State Liquor Control Board
P.O. Box 43080
Olympia, WA 98504-3080

Dear Rules Coordinator:

The City of Seattle appreciates this opportunity to comment on the historic draft rules proposed by the Washington State Liquor Control Board (Board) to establish the first legally-sanctioned recreational marijuana production, processing and retail distribution system anywhere, pursuant to Initiative 502. It is obvious that thorough research and thoughtfulness went into drafting these rules. Washington can be proud of the open and diligent manner in which the Board conducted its rulemaking proceedings. As Washington's largest city, with the largest number of medical marijuana facilities and strong public opinion favoring legalization, Seattle looks forward to partnering with the Board to regulate this new industry. We understand that there will be a second formal and final publication of the draft rules for comment in the next couple of months, and we look forward to commenting on the final draft rules as well.

We support the overall structure and content of the draft rules. In particular, we support leniency toward license applicants with prior misdemeanor convictions for marijuana possession. We further agree that the Board should review applicants' prior marijuana growing and delivery convictions on a case-by-case basis. This approach supports I-502's primary goal of displacing illegal competitors. Moreover, it is well-established that America's war on marijuana results in racially disproportionate arrests and convictions—it is encouraging to see that the Board is working to undo some of the harm caused by these past discriminatory practices.

We also support the Board's decision to permit nonresidents to purchase one ounce of marijuana at a retail store. People travel to Washington for many reasons, and tourism is a significant industry within Seattle and throughout the state. We want tourists to enjoy our beautiful outdoors, fresh produce, microbrews, fine wines, professional sports and entertainment. We should similarly embrace marijuana tourism. However, retailers must not oversell to non-residents so that marijuana might be taken across state lines. I-502 does not prohibit nonresidents from traveling to Washington, purchasing marijuana from a licensed retailer, or consuming that marijuana within the state, but we support Governor Inslee's promise that Washington State will not become "the country's

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export market for marijuana.” We need a strong partnership with law enforcement to extinguish the illegal market and properly regulate the new legal market.

Some issues require more research and subsequent rulemaking, including:

Medical Marijuana. Medical marijuana remains a great challenge following the partial veto of the State Legislature’s comprehensive medical marijuana bill. We look forward to reviewing and commenting on your draft report with recommendations for the medical marijuana industry. We are also willing to participate in the research and preparation of the medical marijuana report.

Nonresidential Use. I-502 prohibits opening “a package containing marijuana . . . in view of the general public.” It is not clear whether this limits marijuana use only to private residences or also allows it in establishments that may be private and not “in view of the general public” because the phrase “in view of the general public” is not defined in I-502. For renters and tourists, allowing marijuana use in certain types of establishments other than private residents may be the only mechanism to enjoy marijuana. This is both a race & social justice and an economic development issue. Renters and tourists should not be forced to use marijuana in parks or on sidewalks. We recommend that the Board study private use clubs or similar accommodations and propose appropriate rules governing their establishment and regulation. For smoking and vaporizing marijuana, rules addressing private use clubs may also require consideration of RCW Ch. 70.160’s applicability to marijuana use.

Delivery. A careful reading of I-502 suggests that bicycle and truck deliveries are neither expressly permitted nor prohibited. We recommend that the Board study delivery services and propose draft regulatory rules. Hours of operation, truck advertising, and criminal background checks for employees will be critical considerations for the industry.

Three items may require further clarification. First, under WAC 314-55-020(4), the Board will investigate and verify the applicant’s sources of funds; we understand that funds derived from a medical marijuana operation will be allowed for the purpose of starting a retail recreational marijuana business. Second, WAC 314-55-050 speaks of suspending and cancelling licenses, but subsection 11 states that an application for a new license (as opposed to renewal or transfer) may be denied for a violation of the 1,000-foot rule. RCW 69.50.331(8); WAC 314-55-160(2). This means a marijuana business should not lose its license if a protected use later moves within 1,000 feet of the marijuana business. Finally, while marijuana businesses will constantly report their inventory, sales, and other statistics, substantial changes in their operating plans must be approved in advance by the Board. WAC 314-55-020 and -087. We understand that localities will receive notice of applications for license expansions and have an opportunity to object regardless of when the application is filed. WAC 314-55-160.

We submit the following specific rule changes:

WAC 314-55-010 Definitions and 1,000-foot rule. We recommend that the Board align its definitions for the 1,000-foot separation requirement with that of the federal sentencing enhancements found in 28 U.S.C. 860 by adding a subsection providing that for private and public colleges, public and private universities, public and private vocational schools, and public housing developments with child care centers, game arcades, playgrounds, park areas or recreational facilities, the 1,000 feet shall be measured from the perimeter of the institution as a whole.

Additional suggested definitional changes:

- (6) "Game arcade" means any facility, legally accessible to persons under 18 years of age, intended primarily for pinball and video machines for amusement containing a minimum of ten pinball and/or video machines ~~((an entertainment venue featuring primarily video games, simulators, and/or other amusement devices))~~.
- (7) "Library" means an organized collection of resources made accessible to the public for reference or borrowing owned and managed by a city, county, state, or federal government.
-
- (11) "Playground" means any outdoor facility intended for recreation, open to the public, and with any portion containing three or more separate apparatus intended for the recreation of children including, but not limited to, sliding boards, swing sets, and teeterboards ~~((a public outdoor recreation area for children, usually equipped with swings, slides, and other playground equipment))~~, owned and managed by a city or county.
-
- (14) "Recreation center or facility" means any recreational facility, swimming pool and/or gymnasium, intended primarily for use by persons under 18 years of age, which regularly provides athletic, civic, or cultural activities ~~((a supervised center that provides a broad range of activities and events))~~.

For "child care center" we recommend reference to another WAC for consistency and defining the type of licensed facility, as follows:

"Child care center" means an ~~((licensed))~~ educational environment providing child day care and early learning services for a group of children for periods of less than twenty-four hours and ~~((with curriculum usually associated with preschools))~~ licensed by the Washington State Department of Early Learning under WAC 170-295.

For the definition of "Public Transit Center", we recommend that the Board relax the proposed rule. As drafted to target any sheltered waiting area for multiple bus routes, nearly every arterial and commercial zone in Seattle would become ineligible for a retail

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store. This might have the unintended consequence of driving the Seattle marijuana market back underground. Instead, we recommend consulting transit agencies around the state to refine the definition. In King County, Metro has 13 public transit centers. In Seattle, examples include the Northgate Transit Center and Mount Baker Transit Center. They are often characterized by large real properties not in the right-of-way and contain parking lots. Such facilities have the added benefit of having defined perimeters, making it easier to apply the 1,000-foot rule. We suggest the following:

- (13) "Public transit center" means a facility located outside of the public right-of-way owned and managed by a transit agency or city, county, state, or federal government for the express purpose of staging people and vehicles ~~((sheltered waiting areas located))~~ where ~~((several))~~ a large number of bus or other transit routes converge. They serve as efficient hubs to allow bus riders from various locations to assemble at a central point to take advantage of express trips or other route-to-route transfers.

WAC 314-55-075(1) Outdoor growing. We recommend that the Board allow outdoor growing operations, subject to security and other location requirements. Energy consumption can be quite significant for some indoor grow operations, and the government should be concerned with energy consumption and energy efficiency. We note that data centers with large energy needs are moving close to power plants and dams, which could impact rural Washington landscapes and urban energy customers. The same thing could happen with larger indoor growing operations that are not greenhouses. Also, outdoor growing operations might come at a lower cost, which will keep prices and taxes lower and provide more market competition.

WAC 314-55-081 - Number of Licenses. The formula used by the Board to determine the number of retail licenses that will be issued per city or county or statewide should be explained with an opportunity to comment before finalizing it. If like state liquor stores there will only be a limited number of retail stores, we may want to ensure better geographical coverage.

WAC 314-55-097 – Waste disposal. We recommend that marijuana waste not be rendered unusable. Instead, it should be converted into other products, such as paper, clothing, and bio-fuel.

WAC 314-55-105 Packaging. We are concerned about recent reports of marijuana poisoning in children who ate marijuana candy or cookies. For these types of products enticing to children, we recommend opaque childproof packaging requirements.

WAC 314-55-020(10) – Landlord affidavit. We recommend the Board reconsider its position on the landlord affidavit requirement. Nearly all landlords know the businesses of their tenants; consequently, the affidavit may be viewed as a violation of their Fifth Amendment rights. Landlords already shoulder tremendous risk, and this requirement seems to provide no useful additional information for the Board.

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Finally, local governments must be able to share in the State's revenue. Implementing and enforcing I-502 will be a costly venture for government at all levels, from business licensing and zoning to law enforcement and other public health and safety considerations. Seattle is pleased to be a partner in this groundbreaking effort, and we urge the Liquor Control Board and State of Washington to consider these costs with corresponding revenue sharing and funding options.

Again, thank you for this opportunity to comment on the Board's proposed recreational marijuana rules. Unraveling decades of prohibition will not be easy, but we are committed to maintaining a strong partnership with the Board moving forward.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Peter S. Holmes", written in dark ink.

Peter S. Holmes
Seattle City Attorney

cc: Mayor Michael McGinn
Sally Clark, President, Seattle City Council

McCall, Karen J

From: McCall, Karen J
Sent: Monday, June 10, 2013 1:14 PM
To: 'Hunt, Danielle M.'
Subject: RE: Comments to Draft Rules Implementing I-502

Danielle,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Hunt, Danielle M. [<mailto:Danielle.Hunt@millernash.com>]
Sent: Monday, June 10, 2013 11:58 AM
To: rules
Cc: Masse, Chris
Subject: Comments to Draft Rules Implementing I-502

Rules Coordinator,

On behalf of the Washington Cannabis Association ("Association"), we are writing to submit the Association's comments regarding the draft rules implementing I-502. The comments are attached above for your review and consideration.

If you have any questions please feel free to contact Christine Masse at (206) 777-7427, or the Association's lobbyist, Ezra Eickmeyer, at (360) 301-1842.

We thank you for the opportunity to provide input into the rule making process.

Danielle Hunt

Danielle M. Hunt
Associate

Miller Nash LLP | Celebrating 140 Years of Excellence
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June 10, 2013

VIA ELECTRONIC MAIL (rules@liq.wa.gov)

Rules Coordinator
Liquor Control Board
P.O. Box 43080
Olympia, WA 98504-3080

Subject: Comments re Initiative 502 Initial Draft Rules

Dear Rules Coordinator:

I am writing today on behalf of the Washington Cannabis Association to comment on the Liquor Control Board's ("LCB" or "Board") draft rules implementing Initiative 502 (Chapter 3, Laws of 2013) ("I-502" or "Initiative"). The initial draft rules represent a thoughtful and intelligent approach to achieve such implementation; however, we believe they can be improved further. Therefore, we respectfully request that the Board consider the concerns addressed below and adopt the revisions suggested herein.

I. Definitions

Child care center. It would be more efficient and consistent with existing law to define "child care center" in the same way it is already defined under state law. Therefore, we would suggest the following change:

New Section. WAC 314-55-010 Definitions

. . .

(3) "Child care center" means a licensed educational environment with curriculum usually associated with preschools a child day care center or child care center as defined under RCW 43.215.010(1)(a) and WAC 170-295-0010 and as licensed by the Department of Early Learning.

. . .

Library. The draft rules' definition of "library" goes well beyond a common understanding of the term. As defined, it would potentially apply to resources beyond books and periodicals, private libraries such as those run by a state bar or other association, and makeshift "libraries" that have popped up around Seattle that are really book sharing repositories, often outside of private homes. It also could allow a roving bookmobile to disqualify otherwise appropriate locations. We would suggest the following change to address this concern:

. . . .

(7) "Library" means an organized collection of resources made accessible to the public for reference or borrowing a free public library supported in whole or in part with money derived from taxation as defined by RCW 27.12.010(5), and which provides books and/or periodicals to the public;

. . . .

Lot. The draft rules limit a single lot of flowers to two pounds. WAC 314-55-010(9)(a). This seems an arbitrary restriction not tied to actual yield. Nor is it in the proper ratio to the trim limitation of six pounds contained in the following section. WAC 314-55-010(9)(b).

Growers spend significant time and resources perfecting their growing processes. For their persistence and patience, some are rewarded with a per HID light yield – and even in some cases a plant yield – in excess of two pounds of flowers. The two-pound limitation of subsection (a) would force these growers in many cases to arbitrarily segregate plants under a single HID light – and in some cases, flowers from a single plant – into separate lots. Such a practice is inefficient and will not allow for better tracking of plants. Indeed, if a single plant produces multiple lot numbers, it actually would work against the tracking process.

Further, the ratio of flowers to trim is not accurate. With efficient growing and harvesting, a grower could generate six pounds of yield to one pound of trim. However, the draft rules contemplate a lot having two pounds of flowers to six pounds of trim. This ratio is extremely skewed.

Therefore, since the rules as drafted clearly contemplate that a lot could come from more than one plant ("Lot" means . . . the flowers from one or more marijuana plants of the same genetic strain. . .") – but do not impose a pound limitation

that would actually allow yield from more than one plant to constitute a lot – we would suggest that the rule be revised to provide for a ten-pound per lot limitation as follows:

. . . .

(9) “Lot” means either of the following:

- a. the flowers from one or more marijuana plants of the same genetic strain. A single lot of flowers cannot weigh more than ~~two~~ ten pounds; or
- b. the trim, leaves, or other plant matter from one or more marijuana plants. A single lot of trim, leaves, or other plant matter cannot weigh more than ~~six~~ ten pounds.

. . . .

Perimeter. While the proposed definition of perimeter in the draft rules would seem innocuous, it could be broader than intended. Consider the case of a recreation center with parking in several locations, some of which may lie across a major street or otherwise not abut the center itself. To address such an issue, we would recommend the following:

. . . .

(10) “Perimeter” means a property line that encloses an area, excluding areas that are separated from the actual building or area where the activity takes place by a public street.

. . . .

Public park. This is a challenging term to define. We, however, have concerns that in its current form, the definition of “public park” is overly broad and will include, counter to the Initiative’s intent, those very small grass plots with benches or bike paths and trails that snake through a city, such as the Burke-Gillman Trail. This is particularly troubling in dense urban areas where using such a definition would exclude much of the city from having any licensees. We would suggest the following change:

. . . .

(12) “Public park” means an area of land for the enjoyment of the public, having facilities for rest and recreation (such as a ~~baseball diamond or~~

~~basketball court~~ a playground and full-sized sports courts and fields), owned and managed by a city, county, state, or federal government, but shall not include public plots of land smaller than one acre or paths or trails as defined by RCW 47.30.005.

. . .

Public transit center. This is another difficult-to-define term that, in its current form, could arguably cover simple bus stops as “public transit centers.” We believe the intent of including this term was not to include every bus shelter served by more than one route, but the major centers, such as the Northgate Park and Ride, Aurora Village Transit Center, and the like. We would therefore request the following change:

. . .

(13) “Public transit center” means ~~sheltered waiting areas located where several bus routes converge. They serve as efficient hubs to allow bus riders from various locations to assemble at a central point to take advantage of express trips or other route-to-route transfers~~ an area of improved land open to the public and designated as a transit center where multiple bus lines converge and which contains demarcated driving stalls and chutes for transit vehicles and parking areas for transit passengers.

. . .

Recreation center or facility. Again, this term is vague and overly broad. As currently defined, a recreation center could be just about any building with activities, including private gyms, pools, rock climbing gyms, dance studios, and the like. This is well beyond the term’s intent, and we would suggest the following change:

. . .

(14) “Recreation center or facility” means a supervised center open to the public, which is owned and operated by a government jurisdiction or its subdivision (such as a city parks and recreation department) or by a non-profit entity receiving government funding for its operations (such as a Boys & Girls Club) that provides a broad range of activities and events.

. . .

II. Licensing

We agree with the LCB's efforts to limit the license pool in a way as to provide that the product is sold in a safe manner and with regard for the rules and regulations. We also applaud the LCB's efforts to protect against any criminal element. However, some of the draft rules need some revision to meet that goal, yet not reach beyond what is required to achieve it.

Application process. Although we are confident that the LCB will process all applications with the utmost professionalism, we would encourage the LCB to adopt a good faith standard by which it will review and process applications. To achieve such a standard, we recommend the following:

New Section. WAC 314-55-020 Marijuana license qualifications and application process.

Each marijuana license application is unique and investigated individually. The board may inquire and request documents regarding all matters in connection with the marijuana license application and shall work in good faith with all applicants in processing applications. The application requirements for a marijuana license include, but are not necessarily limited to the following:

. . .

(12) Upon failure to respond to the board licensing and regulation division's requests for information within the timeline provided, the application may be administratively closed or denial of the application will be sought; provided, however, that the board will work in good faith with an applicant before rejecting an application on a technical basis.

. . .

Members. As a point of clarification, the term "members" as used in WAC 314-55-020(7) should be revisited and defined. That term has no legal meaning as it relates to partnerships and corporations; and therefore, it is unclear who specifically is subject to the three-month residence requirement of that section.

Spouses. The draft rules require qualification by spouses at all levels. The reach of the rules is broad enough for "true parties of interest" without also demanding

that same level of scrutiny for spouses. If a spouse has a level of control over the business or is providing capital for the business, of course he or she should and will be subject to these rules. But to require licensure just for being married to someone in the business is overly broad. In fact, the Washington State Gambling Commission which also investigates criminal history and source of funds in an effort to remove the criminal element from gambling, has recently amended its rules to remove the spouse's obligation for investigation. Administrative Order #687, WAC §§ 230-03-045, 230-03-065, effective May 16, 2013. If the LCB insists on retaining some level of scrutiny of spouses, it could investigate them on a more limited basis without requiring that they too be independently qualified to hold a license.

Criminal history. Due to the origin of this product and our current shift from an illegal to a legal marketplace, the LCB must be willing to tolerate some level of prior "misconduct," provided it does not continue now that marijuana is regulated under state law. We appreciate the Board's willingness to consider mitigating factors as part of this process.

Additionally, we ask that the LCB revisit the exceptions to criminal history point assignment at WAC 314-55-040. As written, the draft rules provide that certain convictions may not be applicable to the criminal history points accumulated. This exception, however, is set to expire July 1, 2014. This expiration is arbitrary, as it is disconnected from any stated goals of I-502 and fails to implement the spirit of the Initiative. We also ask that the mitigation should be open to the Board's discretion, rather than limited to a "single" incident. For these reasons, we suggest the following revisions:

New Section. WAC 314-55-040 What criminal history might prevent a marijuana license applicant from receiving or keeping a marijuana license?

. . . .

Exception to criminal history point assignment. ~~This exception to the criminal history point assignment will expire on July 1, 2014:~~

- (a) Prior to initial license application, two federal or state misdemeanor convictions for the possession only of marijuana within the previous three years may not be applicable to the criminal history points accumulated. All criminal history must be reported on the personal/criminal history form.

- i. Regardless of applicability, failure to disclose full criminal history will result in point accumulation;
 - ii. State misdemeanor possession convictions accrued after December 6, 2013, exceeding the allowable amounts of marijuana, useable marijuana, and marijuana-infused products described in RCW 69.50 shall count towards criminal history point accumulation.
- (b) Prior to initial license application, any ~~single~~ state or federal conviction for the growing, possession, or sale of marijuana will be considered for mitigation on an individual basis. Mitigation will be considered based on the quantity of product involved and other circumstances surrounding the conviction.

III. Marijuana Extracts

Under I-502, “marijuana extract” is not defined, although it is used to define another term, “marijuana-infused products.” Marijuana-infused products are defined as “products that contain marijuana or marijuana extracts and are intended for human use. The term ‘marijuana-infused products’ does not include useable marijuana.” RCW 69.50.101(v). “Useable marijuana” means “dried marijuana flowers,” and “does not include marijuana-infused products.” RCW 69.50.101(kk).

The draft rules attempt to regulate marijuana extracts, stating that “. . . RCW 69.50.354 does not allow the sale of extracts that are not infused in products,” making the circular and unsupported argument that “[a] marijuana extract does not meet the definition of a marijuana-infused product per RCW 69.50.101.” WAC 314-55-079(2). The draft rules inappropriately and inaccurately attempt to define the scope or properties of marijuana extracts. But, without a statutory definition of marijuana extract, it makes it difficult to assert the nature or scope of an extract, and in turn, “products that contain . . . marijuana or marijuana extracts.”

In fact, the draft rules only confound the definition of marijuana extract further. In some instances, the definition of “marijuana” includes marijuana extracts (e.g., “the resin extracted from any part of the plant”). In others, “marijuana extracts” are not considered to be a subset of “marijuana” (e.g., “marijuana-infused products” are defined to mean “products containing marijuana or marijuana extracts,” indicating that

the two terms have different meanings¹). Regardless, nothing in the definition confirms that such a product cannot be comprised solely of an extract.

The draft rules also misstate the statutory language of RCW 69.50.354. Although RCW 69.50.354, in addition to a number of other statutory sections, makes clear that useable marijuana and marijuana-infused products may be sold at licensed retail outlets, it does not prohibit the sale of marijuana extracts as stated in WAC 69.50.079(2). In fact, it simply states:

There may be licensed, in no greater number in each of the counties of the state than as the state liquor control board shall deem advisable, retail outlets established for the purpose of making useable marijuana and marijuana-infused products available for sale to adults aged twenty-one and over. Retail sale of useable marijuana and marijuana-infused products in accordance with the provisions of chapter 3, Laws of 2013 and the rules adopted to implement and enforce it, by a validly licensed marijuana retailer or retail outlet employee, shall not be a criminal or civil offense under Washington state law.

RCW 69.50.354. This definition says nothing about prohibiting the sale of marijuana extracts. It does not even use that term.

Moreover, if the Board believes there to be a safety issue with concentrates, it is not outlawing them with its draft rules. In fact, under the Board's interpretation, certain concentrates will be allowed, even if not infused into an edible, provided they are a condensed or refined collection of the resin from the dried useable flowers only. These types of concentrates would not necessarily be banned under the Board's current interpretation of "marijuana-infused product" because they could instead qualify as "useable marijuana" as, technically, dried marijuana flowers. Other concentrates, however, presumably differentiated from these concentrates because they were "extracted" by some means, would not be allowed, unless infused into an edible of some kind.

This distinction, under the Board's interpretation, means the difference between allowing and disallowing a product, even though the products are substantially

¹ The court must interpret statutes to give effect to all language used, rendering no portion meaningless or superfluous. *City of Seattle v. State*, 136 Wn.2d 693, 698 (1998). Further, when different words are used in the same statute, they are presumed to have different meanings. *Koenig v. City of Des Moines*, 158 Wn.2d 173, 182 (2006).

similar. This, in essence, is the Board trying to force a harvesting methodology upon the market, which is nowhere provided for in the Initiative, and without valid public policy rationale. If the Board believes concentrates in their pure form are somehow unsafe or otherwise should not be allowed – a fact that we would strongly disagree with – this reading will allow some concentrates, but not others. And, it would allow all of them if consumed as part of an edible product. If safety is truly the Board's issue, that can be maintained through proper labeling and packaging, rather than an outright ban of a product no less safe – and in actuality, more safe – than “useable marijuana” or a marijuana-infused product.

Moreover, even if a product cannot be comprised solely of an extract, nothing in the definition states that the product itself must be ingestible. The definition of “marijuana-infused product” means “products that contain marijuana or marijuana extracts and are intended for human use.” RCW 69.50.101(v). The language says the product must be for human use, not human consumption. What would prevent the Board from allowing, for example a cartridge, vaporizer, or inhaler, i.e., a “product,” that “contain[s] . . . marijuana extracts” and is “intended for human use,” i.e., inhaling. Nothing in this definition says that the product must be consumed or eaten. Instead, the language purposefully says the product must be “used.” “Use” simply means “the act or practice of employing something.”² In other words, this definition allows for a cartridge, vaporizer, or other marijuana product, so long as the product contains marijuana extracts and is intended for human use.

Also relevant to this discussion is that this interpretation of I-502 to prohibit the sale of extracts that are not combined with another ingestible or inert substance leads to an absurd result.³ Under the rules as drafted, an extract could be combined with one miniscule part inert substance or flavoring and meet the Board's test as stated in WAC 314-55-179(2). To require processors to add a substance just for the sake of adding a substance, when doing so does nothing to improve the product's safety or performance and simply degrades its purity, is simply regulation for the sake of regulation. It does not lead to a better result, and in fact, could lead to a less healthy, more wasteful, and/or lower quality end product.

² Undefined terms in a statute are interpreted according to their ordinary meanings. *Garrison v. Wash. State Nursing Bd.*, 87 Wn.2d 195, 196 (1976); *S & K Motors, Inc. v. Harco Nat'l Ins. Co.*, 151 Wn. App. 633, 639 (2009).

³ A statute should be construed to effect its purpose, and “unlikely, absurd or strained consequences should be avoided.” *State v. Stannard*, 109 Wn.2d 29, 36 (1987).

To address the concerns outlined above and to ensure that the draft rules are consistent with the spirit and intent of I-502, we would suggest that the rule be revised to more closely and accurately track the statute as follows:

New Section. WAC 314-55-079 What is a marijuana retailer license and what are the fees related to a marijuana retailer license?

(1) A marijuana retail license allows the licensee to sell only useable marijuana, marijuana-infused products, and marijuana paraphernalia at retail in retail outlets to persons twenty-one years of age and older.

(2) ~~Marijuana extracts, such as hash, hash oil, shatter, and wax can be infused in products sold in a marijuana retail store, but RCW 69.50.354 does not allow the sale of extracts that are not infused in products. A marijuana extract does not meet the definition of a marijuana-infused product per RCW 69.50.101.~~

Marijuana-infused products include those products that contain marijuana or marijuana extracts and are intended for human use.

. . .

Our primary concern is the purity of the marijuana-infused product available to consumers. To that end, if the Board continues to take the position that a marijuana extract cannot meet the definition of a marijuana-infused product under I-502 unless combined with some amount of another consumable product, we would urge that the Board adopt regulations requiring that marijuana-infused products contain at least 5% of another consumable product.

IV. Servings and Transaction Limitations

The draft rules limit the amount of active tetrahydrocannabinol ("THC") a single serving of a marijuana-infused product may contain. WAC 314-55-095(1). The draft rules also limit the maximum number of servings any one marijuana-infused product may contain. WAC 314-55-095(2). We assume that in setting these limitations the Board is attempting to instill a level of safety and transparency in the sale of marijuana-infused products. We applaud that goal, but the setting of these restrictions 1) goes beyond the scope of the Board's rulemaking authority under I-502; and 2) does not serve to achieve those goals.

Under I-502, a licensed retail outlet may sell in a single transaction: 1) one ounce of useable marijuana; 2) sixteen ounces of marijuana-infused product in solid form; and 3) seventy-two ounces of marijuana infused product in liquid form. RCW 69.50.360(3). This restriction, however, is the only restriction in I-502 related to the amount of marijuana that can be sold in a single transaction. The Initiative then goes on to authorize the Board to issue rules regarding methods of packaging marijuana, standards of ingredients, labeling requirements, and the maximum quantity a licensee may have on the premises. RCW 69.50.342(3) and (7); RCW 69.50.345(3)-(5). The only section of the Initiative that even arguably pertains to transaction limitations has only to do with “[d]etermining the nature, form, and capacity of all containers to be used by licensees to contain marijuana, useable marijuana, and marijuana-infused products, and their labeling requirements.” RCW 69.50.345(7). The examples provided in this section, however, only include showing trade names, lot numbers, THC concentration, and medically and scientifically accurate information about the risks of use on the label. Not one of these examples even hints at somehow limiting the serving or product size. RCW 69.50.345(7)(a)-(e).

Further, the intent of I-502 was to “take[] marijuana out of the hands of illegal drug organizations and bring it under a tightly regulated, state-licensed system *similar to that for controlling hard alcohol*.” If we look to the regulation of spirits, arguably a much more dangerous product, we find absolutely no laws or regulations limiting the serving or transaction size. Of course, spirits cannot be sold to minors or to obviously intoxicated persons, but recognizing that the regulatory authority of the Board and its ability to control consumers’ use of the product are limited after a certain point, the spirits rules make no attempt to limit spirits consumption to a single one-ounce shot or a bottle of spirits to no larger than ten ounces.

Not only are these attempts at limiting the serving and product size for infused products beyond the scope of the Board’s authority, but they do not have any rational relationship to the limitations of the Initiative or the safe use of the product in its different forms. To illustrate, a “single serving,” or ten milligrams of THC, of a marijuana-infused product, such as a marijuana tincture, may be only a single drop from a dropper, or approximately .05 milliliters. Based upon the statute, a consumer may purchase up to 72 ounces of this product. Due to the draft rules’ limitations regarding the maximum number of servings that a marijuana-infused product may contain, however, this product may only contain 10 servings, or one half of a milliliter. Taken to its logical extreme, this would mean that a consumer, desiring to purchase his or her maximum transaction limit of 72 ounces of a liquid marijuana-infused product, could purchase more than 4,000 of these products in a single transaction. This clearly does nothing to promote safe use of the product.

The disparity between the statutory transaction limitations and the draft rules' serving limitations creates inefficiencies in packaging and sales at the retail level, and it does not achieve greater safety for the consumer. Additionally, given the disconnect between the statutory limitations and the serving maximums, the serving maximums contained in the draft rules appear to be arbitrary. Limiting the maximum number of servings that may be contained in a marijuana-infused product to 10 servings of 10 milligrams of THC does not prevent a consumer from ingesting all 10 servings in one sitting. Given the maximum ounces that may be purchased under the statute, the best the LCB can do to promote safety is ensure that the consumer is given adequate information regarding THC content and recommended dosage. This can be accomplished through responsible labeling, tamper proof/child-safe packaging, and the like. Regulations that go beyond that are not consistent with the maximum amounts that may be purchased under the statute and cannot, and will not, ensure responsible consumption.

To address the concerns raised above, we recommend that the following revisions be made:

New Section. WAC 314-55-095 Marijuana servings and transaction limitations.

Marijuana dosage and transaction limitations are as follows:

- ~~(1) Single Serving: A single serving of a marijuana infused product amounts to ten milligrams active tetrahydrocannabinol (THC), or Delta 9.~~
- ~~(2) Maximum number of servings: The maximum number of servings in any one marijuana infused product is ten servings or one hundred milligrams of active tetrahydrocannabinol (THC), or Delta 9.~~
- ~~(3) Transaction limitation: A single transaction is limited to one ounce of useable marijuana, sixteen ounces of marijuana-infused product in solid form, and seventy-two ounces of marijuana-infused product in liquid form for persons twenty-one years of age and older.~~

If, despite the analysis above, the Board continues to take the position that the serving and product size of marijuana-infused products must be regulated, we urge the Board to take a more nuanced approach in crafting such regulations. In order to efficiently and effectively regulate serving and product size, the different methods by which THC is delivered into the bloodstream through marijuana-infused products must

be recognized. There are effectively three types of products that can be categorized as marijuana-infused products, differentiated by the method by which THC is delivered: edibles, inhalants, and tinctures. Edibles are ingested, and THC enters the body through the stomach. Inhalants are inhaled with THC entering the body through the lungs. And tinctures are placed under the tongue with THC entering the body sublingually. These different delivery mechanisms can impact the amount of THC that enters the body and the amount of time it takes to enter the body. Therefore, to effectively set serving size and product size limitations, the draft rules must differentiate among these delivery mechanisms.

In order to differentiate among these products, we recommend the following revisions:

New Section. WAC 314-55-095 Marijuana servings and transaction limitations.

Marijuana dosage and transaction limitations are as follows:

(1) For marijuana-infused products that are meant to be ingested and digested through the digestive tract:

(a) Single Serving: A recommended single serving of a marijuana infused product amounts to ten milligrams active tetrahydrocannabinol (THC), or Delta 9 and must be indicated on the container or package label.

(b) Maximum number of servings: The maximum number of servings in any one such marijuana-infused product is ten servings or one hundred milligrams of active tetrahydrocannabinol (THC), or Delta 9.

(2) For marijuana-infused products that are meant to be are inhaled:

(a) Single Serving: A recommended single serving amounts to ten milligrams active tetrahydrocannabinol (THC), or Delta 9 and must be indicated on the container or package label.

(b) Maximum number of servings: The maximum number of servings in any one such marijuana-infused product is one gram of active tetrahydrocannabinol (THC), or Delta 9.

(3) For marijuana-infused products that are meant to be placed under the tongue and absorbed sublingually:

(a) Single Serving: A single serving amounts to ten milligrams active tetrahydrocannabinol (THC), or Delta 9 and must be indicated on the container or package label.

(b) Maximum number of servings: The maximum number of servings in any one such marijuana-infused product is one gram of active tetrahydrocannabinol (THC), or Delta 9.

(4) Transaction limitation: A single transaction is limited to one ounce of useable marijuana, sixteen ounces of marijuana-infused product in solid form, and seventy-two ounces of marijuana-infused product in liquid form for persons twenty-one years of age and older.

V. Packaging and Labeling Requirements

The draft rules indicate that labels affixed to containers or packages containing marijuana-infused products must include certain information. WAC 341-55-105(11). Under the draft rules, this information is to include “[t]he business or trade name and Washington state unified business identifier number of the licensee that produced, processed, and sold the *useable marijuana* . . .” WAC 314-55-105(11)(a) (emphasis added). We suspect that the use of the term “useable marijuana” may have been in error as this particular section governs the labeling of marijuana-infused products. Presumably the Board intended to identify the processor of the marijuana-infused product as well.

Additionally, the draft rules require that labels affixed to the containers or packages containing marijuana-infused products include the “[l]ot number of all base marijuana used to create the extract.” WAC 314-55-105(11)(b). This language could be revised to more accurately reflect the potential composition of a marijuana-infused product. For instance, a marijuana-infused product may contain either marijuana or a marijuana extract. The consumer would be better served if the lot number of all base marijuana *and* the lot number of all base marijuana used to create a marijuana extract contained in the marijuana-infused product were included on the label.

To address the two concerns raised above, we suggest the following revisions be made:

New Section. WAC 314-55-105 Packaging and labeling requirements.

. . .

(11) Labels affixed to the container or package containing marijuana-infused products sold at retail must include:

(a) The business or trade name and Washington state unified business identifier number of the licensees that produced, processed, and sold the ~~useable marijuana~~ marijuana-infused product;

(b) Lot numbers of all base marijuana used to create ~~the extract~~ the marijuana-infused product, and the lot numbers of all base marijuana used to create a marijuana extract used to create the marijuana-infused product;

. . .

VI. Miscellaneous

Accessibility. The draft rules provide that “[t]he board will not approve any marijuana license for a location where law enforcement access, without notice or cause, is limited.” WAC 314-55-015(5). While we certainly support the fact that the site must be accessible to Board agents and law enforcement, there cannot be any requirement that licensees waive their constitutional rights to protection against unlawful search and seizure guaranteed them by the Fourth Amendment of the United States Constitution and Article 1, Section 7 of the Washington State Constitution. The way this section is drafted contemplates that, to even qualify for a license, an applicant must allow access to their property, without notice and without cause, at all times. This flies in the face of the United States Constitution and the Washington Constitution and should be limited as suggested below. Additionally, it is counter to already existing Washington law governing the search and seizure of illegally produced alcohol. *See* RCW 66.32.020. We would suggest the following changes:

New Section. WAC 314-55-015 General information about marijuana licenses.

. . .

~~(5) The board will not approve any marijuana license for a location where law enforcement access, without notice or cause, is limited.~~

New Section. WAC 314-55-083 What are the security requirements for a marijuana license?

(3) . . .

(f) . . . All videos are subject to inspection by any liquor control board employee ~~or law enforcement officer~~, and must be copied and provided to the board upon request.

On-premises consumption. The draft rules state that “[m]arijuana licensees may not allow the consumption of marijuana or marijuana-infused products on the licensed premises.” WAC 314-55-015(11). This is much broader than the statutory requirement which applies *only* to retailers. RCW 69.50.357(5). Additionally, there are legitimate business and safety reasons for the on-premise consumption of marijuana and marijuana-infused products by marijuana producers and processors. Consumption can serve as a necessary tool in testing the quality of a product produced and in sampling products. It can also assist a producer and processor in determining what inventory they will purchase. Requiring consumption be done off-premises creates business inefficiencies and also creates a barrier to achieving quality assurance standards.

New Section. WAC 314-55-015 General information about marijuana licenses.

. . .

(11) Marijuana retail licensees may not allow the consumption of marijuana or marijuana-infused products on the licensed premises.

Insurance. We would suggest, in the interest of simplification, the following change.

New Section. WAC 314-55-082 Insurance Requirements.

. . .

(c) The board shall maintain on its website a list of approved insurance carriers that meet the requirements of this section.

Traceability. We would suggest the following technical fix:

New Section. WAC 314-55-083 What are the security requirements for a marijuana license?

. . .

(4) . . .

. . .

(d) When useable marijuana or other marijuana products ~~are~~
have been transported.

Advertising. The draft rules appropriately limit certain types and methods of advertising in which retail licensees may engage. Although we support many of these restrictions, we do think that the Board has overstepped its bounds in the context of representations regarding therapeutic effects.

The Initiative places no limitation on retailers from discussing the therapeutic effects of useable marijuana or marijuana-infused products. In fact, the Initiative only provides that the Board may draft rules regarding advertisement requirements that take into consideration "[t]he inclusion of medically and scientifically accurate information about the health and safety risks posed by marijuana use in the advertising." RCW 69.50.345(9)(c).

Additionally, prohibiting the discussion of therapeutic effects is inconsistent with already existing state law which allows for the medicinal use of marijuana with a valid prescription. The draft rules themselves recognize this connection with its reference to the American Herbal Pharmacopeia at WAC 314-55-102(2)(3). Further, prohibiting the discussion of therapeutic effects is not consistent with the public policy goal of discouraging use for intoxication purposes, and could have the unintended effect of restricting marijuana-infused products like topicals, created and used solely for their therapeutic effects, from effectively entering the marketplace.

In consideration of the foregoing, we suggest that the following revisions be made:

New Section. WAC 314-55-155 Advertising

. . .

Rules Coordinator
Liquor Control Board
June 10, 2013
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(2) General.

All marijuana advertising of products sold in the state of Washington may not contain any statement or illustration that:

. . .

(c) Represents the use of marijuana has curative ~~or therapeutic~~ effects.

Thank you for the opportunity to provide meaningful input into the rule-making process. Please do not hesitate to contact me, or the Washington Cannabis Association's lobbyist, Ezra Eickmeyer at (360) 301-1842 or ezra@olypen.com, should you have further questions.

Very truly yours,



Christine M. Masse, P.C.

McCall, Karen J

From: McCall, Karen J
Sent: Monday, June 10, 2013 10:28 AM
To: 'Case, Lyndie'
Subject: RE: Marijuana Rules

Lyndie,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Case, Lyndie [<mailto:Lyndie.Case@unitedgeneral.org>]
Sent: Monday, June 10, 2013 9:36 AM
To: rules
Cc: eholl@nwesd.org; Jodie DesBiens; Jennifer Walton; Jennifer Angelis; Andy Wheeler; Wenda Cross; bobhicks@co.skagit.wa.us; Michael Rasch; Hawk, Carol; Kari Cook
Subject: Marijuana Rules

Good morning,

I am submitting the below comments on behalf of the Skagit County Child and Family Consortium, which is a broad group of representatives who work with children and families in Skagit County. We are a diverse group representing areas of business, government, schools, tribes, recreation, health care, and social service agencies. Initially, we submitted the attached document via email and presented it at the public forum in Mount Vernon.

In reviewing the proposed rules, we would like to advocate for the following additions to the rules:

1. Stronger restriction on advertising, including a ban on online advertising.
2. Limit marijuana infused products.
3. Ban marijuana infused candy products and infused products marketed or packaged like candy. (see attached picture as an example of what we **do not** want to see sold in Washington stores)
4. Further limit the hours of sales.
5. Implement a mandatory Responsible Vendor Program
6. Ban sales to an apparently intoxicated person

Thank you very much for your consideration of these suggestions.

Lyndie

Lyndie Case, Coordinator
Skagit County Child and Family Consortium
PO Box 1483
Burlington, WA 98233
phone (360) 961-3392

fax (360) 856-7385

www.sccfc.org

Our Vision:

Skagit County is a community where everyone feels included, hopeful, connected and motivated to maintain a healthy environment for ourselves and future generations.

Our Mission:

The Skagit County Child and Family Consortium will promote and strengthen a seamless continuum of support and services to foster safe and healthy children and families within the Skagit County Community.

June 2013

Ms. McCall
Rules Coordinator
Washington State Liquor Control Board
P.O. Box 43080
Olympia, WA 98504-3080

Dear Ms. McCall,

On behalf of PREVENT! The Substance Abuse Prevention Coalition in Clark County and its partners, please accept these comments on the Initiative 502 Initial Draft Rules for the establishment of a commercial marijuana marketplace in Washington.

Since 2005 PREVENT! Coalition has been a community partner and leader in substance abuse prevention efforts in Clark County. PREVENT! Coalition is supported by the Drug Free Communities Support Program, Educational Service District 112, and over 300 community members and organizations across SW Washington and NW Oregon. Our vision is a "Healthy, Thriving Clark County free of the effects of substance abuse."

We are submitting these comments with a primary focus on prevention strategies and policies that will address youth access and exposure, community safety, appropriate law enforcement, and reduce overall negative impact to our community.

We offer the following suggestions for rules for the new recreational marijuana marketplace. These suggestions are based on input from PREVENT! Coalition members, Washington Association of Substance Abuse and Violence Prevention (WASAVP), American Civil Liberties Union, and independent substance abuse prevention professionals.

PREVENT! Coalition supports the following protective measures included in the draft rules:

- **"Minors Restricted" sign displayed by retailers**
- **Employees must be 21 and older**
- **Products stored behind a counter in stores**
- **Stores located at least 1,000 feet from areas associated with youth**
- **Surveillance cameras and security measures**
- **Labels stating that products are for 21 and older**
- **Restrict concentrated THC distillates**

PREVENT! Coalition suggests the following rules be strengthened:

- 1. Establish accurate and uniform labeling and packaging requirements**
- 2. Prohibit “paid-for” marketing and advertising of marijuana products and brands**
- 3. Revise WLCB mandated logo**
- 4. Prohibit forms of marijuana infused products (MIPs) designed to appeal to youth**
- 5. Limit marijuana retail outlet density**
- 6. Cap the maximum quantity of marijuana on the premises for each licensed location**
- 7. Restrict hours and days of sales similar to state-run liquor stores prior to I-1183**

1. Establish accurate and uniform labeling and packaging requirements:

a) Create Class Structure for all Marijuana Products

- i) Establish class definitions of marijuana and marijuana infused products similar to the classes and types of wine and distilled spirits.
- ii) These classes should include, but not limited to, floors and ceilings for Delta-9 THC concentrations.
- iii) Create consumer friendly visual and/or text-based information required on all product labels to convey this classification system.

b) Create Uniform Labeling

- i) A key component of ensuring product safety will be accurate and uniform labeling. The Board should bolster WAC 314-55-105 by making the following changes:

- (1) Include educational information on how to read the labels (i.e. what do THC, CBD, CBN, etc. mean), and to the extent possible, explain the different effects that can be expected for different chemical compositions (i.e. the psychoactive difference between high-THC/low-CBD marijuana and vice versa);
- (2) For marijuana-infused products mandate that a list of all ingredients are included on the label, similar to food nutrition labels;
- (3) In addition to warning that the product “may be habit forming,” list potential side effects of use and include rotating warning statements on labels. For example, the warning statements listed in WAC 314-55-105(7) should not only be included in accompanying materials; they should also be rotated on the labels. See e.g., 21 C.F.R. §1141.10(a)(1) requiring one of the mandatory tobacco warnings to appear on the front and rear panels of each cigarette package.

c) Prevent Packaging That Appeals to Youth

- i) The Board should adopt rules that reasonably restrict the manner in which useable marijuana and marijuana-infused products are packaged to avoid appealing to youth.

- ii) Any useable marijuana or marijuana-infused product should be packaged uniformly with an emphasis on preventing access by young children.
 - iii) The Board should adopt rules that reasonably restrict the manner in which useable marijuana and marijuana-infused products are packaged to avoid appealing to youth. For example, edible products currently being sold by medical marijuana dispensaries include brightly colored lollipops, cotton candy, and snow cones. Such products have obvious appeal to children. In addition to explicit labeling, opaque packaging would minimize the risk of accidental consumption.
 - iv) Specify that labels must appear directly on the package; be clearly visible under any cellophane or other wrapping, and that such wrapping be clear and not colored; be of a minimum size, and use a minimum font size; comprise a specific percent of the package panels; and be indelibly printed and permanently affixed to the package, not to any removable wrapper. See, generally, 21 C.F.R. §1141.10.
 - v) Marijuana should be packaged in plain, opaque, tamper-proof, and child-proof containers without depictions of the product, cartoons, or images other than those approved by the Board.
- d) **Require Additional Labels for Consumer Safety**
- i) Include the statement “Not FDA Approved” on the label and accompanying material.
 - ii) Require display of the DOH help-line telephone number that will be established under RCW 69.50.540(5)(b)(i) on labels and accompanying materials.
 - iii) Require the following, or similar, text: “In case of accidental use by youth or overdose:” accompanied by the Washington Poison Center emergency hotline number.
 - iv) Require that all label language and accompanying materials are available in other languages.

2. Prohibit “Paid-For” Marketing and Advertising of Marijuana Products and Brands

- a) In addition to the current restrictions on advertising, the board should prohibit any “Paid-For” marketing and advertising for all marijuana, marijuana infused products, brands, sales, or discounts.
- b) The board should also prohibit all product sampling, discount coupons, and product giveaways.
 - i) Reasoning:
The state of Washington is part of the Tobacco Master Settlement Agreement that bans outdoor, billboard, and public transportation advertising. Similar policies

should be adopted for marijuana in our state and should extend to all mass media, including the Internet and social media. At a minimum, the Board should include subsections in WAC 314-55-155 that are analogous to the following sections in Chapter 314-52 WAC:

- (1) WAC 314-52-030, prohibiting advertising in school publications and media;
- (2) WAC 314-52-040, restricting contests, competitive events, premium and coupons;
- (3) WAC 314-52-050, prohibiting sound truck advertising;
- (4) WAC 314-52-070, regulating outdoor advertising;
- (5) WAC 314-52-080, regulating novelty advertising;
- (6) WAC 314-52-113, regulating brand signs and point-of-sale displays;
- (7) WAC 314-52-115, regulating advertising by private clubs.

3. Revise the Suggested WLCB Marijuana Logo

- a) The Board should revise the suggested WLCB marijuana logo and update WLCB name to include the control of cannabis in the state.
 - i) Reasoning:
 - (1) The image of a giant marijuana leaf centered over the state of Washington can reasonably be viewed as branding Washington “The Marijuana State,” or as Washington proudly promoting marijuana use to the rest of the world. A logo like this will undoubtedly end up on bumper stickers and t-shirts. While the Board can’t prevent private entrepreneurs from marketing similarly themed items, it should not incorporate such images in regulatory requirements. Instead, the Board should consider using its current state logo or a similar text-based logo.

4. Prohibit Forms of Marijuana Infused Products (MIPs) Designed to Appeal to Youth

- a) The board should include language restricting the creation of products designed to appeal to youth. We recommend language similar to, “Edible MIPs shall not bear a reasonable resemblance to any product available for consumption as a commercially available candy or youth-oriented product.”
 - i) Reasoning:
 - (1) We have seen candy cigarettes promote underage smoking, alcopops promote underage drinking, and even MDMA (“ecstasy”) pills stamped with cartoon characters all to appeal to youth. Prohibiting the creation of these comparable marijuana-infused products will help prevent underage use and accidental ingestion.

5. Limit Marijuana Retail Outlet Density

- a) The Board should utilize consultants to determine locations of marijuana retail stores based on metrics similar to those used prior to I-1183 for spirits. These metrics include but not limited to:
- Examining the over-21 population,
 - Population turning 21 in the next five years,
 - Convenience (travel time) to stores
 - Population growth, and
 - Geographic location for boarder communities to states where recreational marijuana use is illegal.
- i) Reasoning:
- (1) Lessons learned from tobacco and alcohol-related research indicates that communities with a high density of retail outlets selling these products have higher rates of problems related to the abuse and underage use of tobacco and alcohol. In addition, these stores tend to be located in communities of color and low income communities raising significant social justice concerns. Also, I-502 provides for adults over 21 to have up to one ounce of dried cannabis—this is a significant supply (equivalent to 50-70 marijuana cigarettes) capable of supplying most recreational users for months and mitigating any inconvenience caused by fewer retail stores.

6. Cap the Maximum Quantity of Marijuana on the Premises for Each Licensed Location.

- a) The Board should create maximum quantities of marijuana, useable marijuana, and marijuana-infused products a marijuana producer, processor, or retailer may have on the premises of a licensed location at any time.
- i) Reasoning:
- (1) Limiting the size of grow operations and keeping marijuana production small will discourage the establishment of a corporate cannabis industry, often referred to as “Big Marijuana,” and will better protect youth from the associated advertising and market forces that target them (as seen with Big Tobacco.)

7. Restrict hours and days of sales similar to state-run liquor stores prior to I-1183

- a) The board should revise the hours and days of sale from 6:00 AM – 2:00 AM, 7 days a week to 9:00 AM – 10:00 PM Monday – Friday and 9:00 AM – 5:00 PM Saturday with no sales on Sunday.
- i) Reasoning:
- (1) Before June 2012, state-run liquor stores were generally open between the hours of 9:00 AM and 10:00 PM, with some variations according to location. Restricting hours of sale for alcohol is one strategy identified by a CDC-appointed task force as reducing alcohol-related public health problems. We support restricting sales to Monday through Saturday, allowing the industry one weekend day for sales and keeping stores closed one weekend day when youth are out of school.

PREVENT! Coalition suggests the following additional rules:

- 1. Mandatory Responsible Vendor Program (RVP)**
- 2. No public use exception for festivals**
- 3. Establish a marijuana enforcement contingency fund**
- 4. Require Washington State I.D. for all marijuana purchases**
- 5. Omit recommendation for “serving size”**
- 6. Suspend licenses for sales to minors**
- 7. Public education material available at point of sale**
- 8. Mandate loss/theft/diversion reporting**
- 9. Clearly identify legal marijuana grows from “medical” collective gardens**

1. Mandatory Responsible Vendor Program (RVP)

- a) Create and implement a mandatory Responsible Vendor Program for licensees.
 - i) Reasoning:
 - (1) A mandated RVP will encourage responsible production, transportation, processing, ownership, storage, disposal, and sales of marijuana. This program will also discourage sales to youth and help establish a culture of compliance across the industry.

2. No Public Use Exception for Festivals

- a) The Board should include language prohibiting the creation of a public marijuana use exception or permit for special events or festivals similar to that done for alcohol and Beer Gardens.
 - i) Reasoning:
 - (1) Community safety, air quality, public intoxication, and enforcement are critical issues within special events and festivals. In some communities, festivals such as Hempfest already promote the public use of marijuana and allow teens easy access to marijuana on site. Although containing smoking to “marijuana gardens” at festivals may seem an appropriate measure, public smoking laws forbid this. Similarly problematic are marijuana edibles, which, if consumed on site, would delay intoxication and more likely impair the drive home.

3. Establish a Marijuana Enforcement Contingency Fund

- a) The board should create a marijuana enforcement contingency fund to have the necessary available resources to ensure community safety and proper enforcement across the state.
 - i) Reasoning:

- (1) LCB enforcement officers are critical to the safe implementation of I-502. We are concerned that unknown market forces and tax evasion threaten the necessary funding stream to support enforcement (and other safety provisions in the law). The LCB consultant, Dr. Kleiman, recently predicted that revenue will be well short of OFM forecasts. In addition, we are concerned that tax evasion will further decrease revenues. A 2010 RAND working paper by Caulkins, Morris, and Ratnatunga titled *Smuggling and Excise Tax Evasion For Legalized Marijuana: Lessons from Other Excises Taxes* explored legalization in California. This paper notes that tax evasion in a legal marijuana marketplace can foreseeably be quite high and that, “California should not rule out the possibility that tax evasion could potentially wipe out essentially all of the potential revenues from a \$50 per ounce excise tax (on marijuana).”

4. Require Washington State I.D. for All Marijuana Purchases

- a) Create a rule requiring Washington State issued identification for all marijuana purchases.
- b) Mandate all retail operations utilize I.D. scanner for each transaction.
 - i) Reasoning:
 - (1) No single state can be an island unto itself in a market dealing in products with a high value to weight ratio. Predictably, therefore, the marijuana “export” market may be many times greater than in-state sales. Requiring in-state identification (driver’s license or comparable) would help limit export sales and create another barrier for illicit underage access by increasing the difficulty of using “fake i.d’s.”

5. Omit Recommendation for “Serving Size”

- a) The board should remove the “recommended serving size” from the labeling requirements.
 - i) Reasoning:
 - (1) The idea that an addictive, Schedule 1 substance has an approved serving size recommendation sends the message to youth that marijuana is healthy to consume in any quantity. In addition, the impact of marijuana on the central nervous system is so widely variable that a recommendation of any amount without better science might unintentionally encourage over-consumption. That is, the public may equate the concept of an FDA-like approved “serving” with a level of consumer protection I-502 does not provide (there is no WA State FDA regulating edibles to back up any claims).

6. Suspend Licenses for Sales to Minors

- a) Increase severity of consequences for sales to minors with an automatic suspension for one week upon the first infraction, six months upon the second, and fully revoke a license upon the third (similar to a “three strikes” approach) with a fee for each violation. In addition to these a fee for the individual who sold to a minor (Clerk) and mandated attendance to responsible vendor program.

7. Public Education Material Available at Point of Sale

- a) Require that science-based, journal-published, peer-reviewed, double blind study information on the known health and safety effects of marijuana be distributed at every point of sale. Suggested information to include about marijuana: addictive, impairs driving, impacts physical and mental health, zero tolerance for minors, and federal vs. state laws.

8. Mandate Loss/Theft/Diversion Reporting

- a) Create and implement a loss/theft/diversion reporting system for stores to utilize with local law enforcement access.
 - i) Reasoning:
 - (1) Similar to alcohol theft after I-1183, theft/ loss/diversion can be a problem when a significant change to an industry occurs. Mandated reporting of product loss will give law enforcement the information necessary for investigations that help avoid diversion into the black market and the hands of youth as well as help target limited substance abuse prevention assets such as vendor and parent education.

9. Clearly Differentiate Legal Marijuana Grows from “Medical” Collective Gardens

- a) Create and mandate clearly identifiable posters for display differentiating legal marijuana licensed grows from “medical” collective gardens.
 - i) Reasoning:
 - (1) “Medical” marijuana is legal by state law and “collective gardens” are prolific in some communities and can be confused with state licensed grow operations. Clearly identifying legal gardens via a copy of the state-issued license posted in plain view at the facility will allow law enforcement to differentiate between the two for purposes of enforcement.

Below is a summary of best practice underage alcohol and tobacco use prevention policies, how the proposed rules address the policy, and suggested changes.

Best prevention policy	What the draft rules say	Recommendations
Limiting outlet density ¹	Not addressed.	Limit density according to how liquor stores were limited pre-1183.
Enhanced enforcement of laws prohibiting sales to minors ²	Not addressed.	LCB should indicate that more enforcement resources are needed. Establish enforcement contingency fund.
Merchant education ³	Merchants must have security and other plans in place but education is not required.	Include a mandatory Responsible Vendor Program that includes education for vendors.
Products behind counter ⁴	Products must be behind a counter.	Keep as they are.
Signage in stores about illegal for minors ⁵	Yes.	Keep as they are.
Penalties for selling to minors ⁶	Yes.	Increase penalties for sales to minors.
Ban/Prohibit advertising ⁷	Some restrictions are placed on advertising.	Prohibit “paid-for” advertising with high restrictions on all advertising.
Product labeling ⁸	Yes.	Include CBD content and risks to pregnancy, driving, addiction, mental health, and legal consequences of providing to minors.

¹ The Guide to Preventive Community Services: www.thecommunityguide.org/alcohol/index.html

² The Guide to Preventive Community Services: www.thecommunityguide.org/alcohol/lawsprohibitingsales.html

³ Surgeon General guide to tobacco prevention: www.surgeongeneral.gov/library/reports/preventing-youth-tobacco-use/sgr_chapt6.pdf

⁴ IBID

⁵ IBID

⁶ IBID

⁷ IBID

⁸ IBID

McCall, Karen J

From: McCall, Karen J
Sent: Monday, June 10, 2013 10:22 AM
To: 'Joy Lyons'
Subject: RE: Initial Draft Rules Comments from PREVENT! Coalition

Joy,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Joy Lyons [<mailto:joy.lyons@esd112.org>]
Sent: Monday, June 10, 2013 9:51 AM
To: rules
Subject: Initial Draft Rules Comments from PREVENT! Coalition

Thank you for the opportunity to comment on the draft rules for I-502. Please see the attached document created by The PREVENT! Coalition of Clark County.

Respectfully Submitted,

Joy Lyons



Coordinator
PREVENT! Coalition of Clark County
360-750-7500 x 144
joy.lyons@esd112.org
Fax: 360-906-0089

SUGGESTIONS FOR MARIJUANA RULE MAKING

INTENDED FINAL AUDIENCE: Washington State Liquor Control Board

ADVERTISING

- Ban on all mass media marijuana advertising / Stricter youth advertising
- State-wide marijuana education campaign – according to 502 the State Department of Health will conduct an education campaign similar to their previous anti-tobacco campaign.
- Health labels on all marijuana packaging – according to 502 the LCB needs to determine what is included on labels.

PRODUCTION / SALES

- Determine an upper threshold for THC content
- Limit marijuana infused products (ie – energy drinks, lollipops, etc)
- Limit daily per person sales
- Limited hours of sale and limited pot shop density / No minors in stores
- Implement a license scan system for sales
- Mandatory responsible vendor program to ensure that marijuana is not sold to minors and that security systems are in place to prevent shoplifting and robbery. This would include “virtual” pot shops.
- Regular marijuana purchase surveys/compliance checks.

ENFORCEMENT

- Police Department emphasis patrols (party patrols) targeting “hot spots” where kids are known to use drugs and alcohol.
- Police Department shoulder tap programs outside all marijuana shops.
- A social host ordinance that holds parents responsible for underage marijuana and alcohol use in their homes.
- Ban on medical marijuana “green cards” for those under 21 and/or close all medical marijuana dispensaries.
- Tighter regulations on Hookah bars.
- City fee on marijuana to fund evidence-based substance abuse prevention programs in all schools; drug/alcohol counselors in all middle and high schools; enforcement of new laws regarding marijuana.

Suggestions based on list developed by a group of Seattle coalitions and advocates – reviewed and adapted by SCCFC’s Substance Abuse Prevention Committee

McCall, Karen J

From: McCall, Karen J
Sent: Friday, June 07, 2013 2:10 PM
To: 'Jessica Bork'
Subject: RE: Suggested changes

Jessica,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

-----Original Message-----

From: Jessica Bork [<mailto:j.bork@columbiaforge.com>]
Sent: Friday, June 07, 2013 1:35 PM
To: rules
Cc: Tom Leaptrott
Subject: Suggested changes

Thank you for the opportunity to provide some suggestions to the initial draft for Initiative 502. Attached are both an executive summary of why we feel these changes are pertinent and a draft changes page outlining our proposed suggestive changes. We are excited about this potential opportunity and look forward to hearing the outcome. Again, thank you.

Best,
Jessica Bork
Quantum Leap Packaging

Executive Summary

Thank you for allowing Quantum Leap Packaging to submit suggestions for the modifications of rules for WAC 314-55 related to the licensing, processing, and packaging of marijuana. We would also like to thank you for taking the time for allowing us to present our power point presentation last month. We hope we gave the commission plenty of possibilities to think about regarding the packaging and tracing of packages through the system.

After reviewing the document we have proposed language we believe would make the program better, give a greater degree of control, and provide the end consumer some degree of confidence that the packages they buy are from a licensed grower regulated by the State of Washington. The concept of our proposal will allow the State to track and trace every step of the process to assure compliance and revenue collection. This will also provide the proper controls to help satisfy potential concerns by the federal authorities and provide a strong deterrent to criminal elements that might otherwise take advantage of a weaker system not capable of authenticating the packaging and process at each step.

Control of the packages by a solid track and trace system that has some level of sophistication is critical to avoid counterfeit product entering the product stream and keeping the stakeholders confident that this program is viable in the long term and the State collects the type of revenue they have forecasted. The rules only note that the package needs to be traced from the seed to the product. No other criteria are mentioned. This leaves multiple interpretations of what is really needed and we try to clarify the requirements.

The track and trace recommendations are probably the most dynamic and will have a huge impact on the success of implementation. We strongly suggest the commission to review these proposed changes. They are designed to make sure the state has a firm level of control, have a high degree of confidence that counterfeit product from in and out of state growers does not make it into the marketplace, and provide the revenue tax enforcement group a level of collection techniques needed for this huge retail business segment. Many of these changes follow the same type of logic that exists from the cigarette tax stamp system while adding new tracing and tamper resistant technologies. The track and trace system we are proposing is a proven technology that can be customized for the State.

We also added specifications to the type of packaging needed taking into account product quality (freshness), shelf life, tamper resistance, and functionality. The minimum thickness helps with quality but also makes it more difficult for children to open packaging and gain access. The rule related to having an open window allows consumers to see what they are actually buying making it more difficult for other materials to be in the package. These rules will allow retailers to decide whether they want packages that are smell proof or that admit odor for product selection depending on the type of materials and thickness of the package. Also mentioned in the changes, is the appropriateness of the advertising being monitored and defined by the WSLCB.

All products should be heat sealed and not allowed to be opened within a retail outlet. It is critical that once a package leaves a processor no other foreign materials can be added, the sealed packaging ensures this is the case. This packaging also provides confidence that the material tested from the growers will be the same as the product purchased at the retail location. It is impossible to reseal a retail product once it has been opened without showing signs of tampering.

Based upon our experience in packaging and track and trace systems we feel these proposed changes are a must. If you would like to meet with our team further to explain the recommendations or ask questions feel free to contact Jessica Bork.

Sincerely

Tom Leaptrott
President
Quantum Leap Packaging

Page 15: (4) Traceability: To prevent diversion and to promote public safety, marijuana licenses must track marijuana from seed to sale. Licensees must provide the required information on a system specified in WAC 314-55-105.

Page 23 WAC 314-55-105

(2) Any container or packaging containing usable marijuana or marijuana products must protect the product from contamination and must not impart any toxic or deleterious substance to the usable marijuana or marijuana product. In order to accomplish this, the packaging must be tamper resistant and have the following requirements:

- (a) Lamination (moisture barrier);
- (b) Caliber of material not less than 3 mils;
- (c) Package is heat sealed and reclosable;
- (d) Minimal tensile in Machine Direction and Cross Direction of at least 20 lbs. at break;
- (e) Must have a clear window enabling the customer to view the product from the retailer;
- (f) Packaging from the grower and processor levels should also have the open window feature so as to prevent any other materials entering the package;
- (g) Meet all the labeling requirements specified by the State.

(3) Retail customers must have the ability to access the name of the accredited third party testing lab and results of the required quality assurance test for any useable marijuana or other marijuana product the customer is considering purchasing.

This information must be available to the following:

The Consumer, The Retailer, The Processor, The Producer, and the State Reporting Officials. This can only be accomplished with a system that has 3 distinct features.

- (a) A Secure marking on the product packaging. This authentication marker, using covert technology, that once read unlocks encrypted information to the app user. The secure codes will hold all the information required in the document. The secure mark can only be unlocked and read with a State Owned/Sponsored Smart Phone Application (funded as part of the track and trace revenue collection system);
- (b) The Smart Phone Application will have four distinct apps for the groups described above and each app will display appropriate information for that group.
Consumer, sees only information he/she needs to establish authentic product, and history.
Retailer, sees only information relevant to him.
Processor, sees only information relevant to him, but he is also responsible for affixing the proper marks to the proper product packaged to be sold to the retailer.

Producer, sees only information relevant to him, but his is also responsible for affixing the proper marks to the proper bulk package out to the processor or direct to the retailer.

The State Reporting Officials will see all information required;

- (c) A Secure Portal will be made available for the State Reporting Officials, and whomever they deem necessary. The portal will allow the state to manage, edit, encode, or delete the secure mark codes. Manage personnel activity and access to the system. Allow state to see real time activity through the supply chain.

This ensures that the information is accurate and current, and the product is authentic.

The mark (a secure anti-copy unique I.D.) on the product packaging must be covert technology, meaning it cannot be duplicated, copied or scanned, and is only good for the specific lot of marijuana in question.

(4) Useable marijuana and marijuana products may not be labeled as organic unless certified as organic by the Washington State Department of agriculture. This certification can be independently verified by a consumer via a secure anti-copy unique I.D.

(5) The accredited third party testing lab and required results of the quality assurance test must be included with each lot and disclosed to the customer buying the lot. This certification can be independently verified by a consumer via a secure anti-copy unique I.D. barcode.

(6) A producer must disclose in writing all pesticides, herbicides, and fungicides or other compounds used for pest control or plant disease while producing any marijuana plant in the lot. This certification can be independently verified by a consumer via a secure anti-copy unique I.D. barcode.

ADD point (13) at end or as (7) and shift other points: the secure mark must be incorporated into the packaging in a way that ensures the secure mark is non-transferrable to another package. The secure mark must not have the ability to be reproduced or copied in any way to ensure that the information associated with the secure mark is unique to the marijuana or marijuana product in the package.

ADD point (9) (i) Information in (9)(a)-(d) and (g) can be independently verified by a consumer via a secure anti-copy unique I.D. mark.

ADD point (9)(j) Any branding or optional graphics must be deemed appropriate and defined by the WSLCB.

ADD point (11) (n) Information in (11)(a)-(h) and (j) can be independently verified by a consumer via a secure anti-copy unique I.D. mark

McCall, Karen J

From: McCall, Karen J
Sent: Monday, June 03, 2013 1:23 PM
To: 'Sean St.peter'
Subject: RE: I-501

Sean,

The answers to most of your questions can be found in the initial draft proposed rules. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation. The initial draft proposed rules are also on the website.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

-----Original Message-----

From: Sean St.peter [mailto:sean_stpeter@yahoo.com]
Sent: Thursday, May 30, 2013 2:08 PM
To: rules
Subject: I-501

Have a few questions regarding I-501:

1. I read that applications will start being accepted in September, is that expected to be on the 1st?
2. I read applications will be accepted for 30 days, will the applicants that apply on the first day be considered before say an applicant that is applying on the 15th day?
3. Can an applicant submit multiple applications, say for different areas, or for producer/processor and retailer in case one is not approved possibly another would be? Because I know their will only be a limited number per area.
4. In regards to a producer what will be the amount of plants that could be grown, are there number guidelines?
5. If there is more applicants than licenses issued has the process for choosing applications been established yet?

Thank you for your time,
Sean St.Peter
619-618-8139

Sent from my iPhone

McCall, Karen J

From: McCall, Karen J
Sent: Thursday, May 30, 2013 2:01 PM
To: 'Jim Wolfe'
Subject: RE: Question regarding multiple applications

Jim,

A person or entity can hold both a producer and processor but not a retail license. A retail license can have no ownership in the other tiers.

Karen

From: Jim Wolfe [<mailto:jimwolfe4@comcast.net>]
Sent: Wednesday, May 29, 2013 9:17 AM
To: McCall, Karen J
Subject: Re: Question regarding multiple applications

Thanks for the response, Karen.

One last question: Though we know we can not hold a license for more than one role, may we apply for a license to process as well as apply for one to grow and another for retailer? Our facility would be well suited for any of these.

Jim Wolfe
Vancouver, Washington
(360) 852-5007

----- Original Message -----

From: McCall, Karen J
To: Jim Wolfe
Sent: Tuesday, May 28, 2013 11:09 AM
Subject: RE: Question regarding multiple applications

Jim,

I have answered your questions below.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Jim Wolfe [<mailto:jimwolfe4@comcast.net>]
Sent: Friday, May 24, 2013 9:02 AM
To: rules
Subject: Question regarding multiple applications

Good morning,

Thank you for taking a moment to clarify a couple of things regarding 502 applications.

If someone is a shareholder in more than one corporation, may each of those corporations submit an application? Yes.
May that person also submit an application as a sole proprietorship? Yes.

If an applicant has available to him/her more than one potential address of operation/retail, must that applicant submit more than one application, or may the applicant provide more than one address on a single application? Each application can only have one address. Only one applicant per location address.

Thank you in advance for your help. We look forward to working with the Washington State Liquor Control Board to roll out groundbreaking changes in a responsible, professional, and civic minded manner.

Jim Wolfe
Vancouver, Washington
(360) 852-5007

McCall, Karen J

From: McCall, Karen J
Sent: Thursday, May 30, 2013 11:12 AM
To: 'Marc R Keith'
Subject: RE: Comments on I 502

Marc,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Marc R Keith [mailto:sales@mushroomvideos.com]
Sent: Wednesday, May 29, 2013 8:48 PM
To: rules
Subject: Comments on I 502

Hello,
I've attached my comments to the board on the initial draft for I 502 implementation as a Microsoft word document. In the event you're not supposed to open attachments for security purposes, they're copied and pasted below as well.

Thanks for your consideration.

Marc R Keith
Mountain Mushroom Farm
415 N Empire Creek Road
Malo, WA 99150

WAC 314-55-015 General information about marijuana licenses.

(11) Marijuana licensees may not allow the consumption of marijuana or marijuana-infused products on the licensed premises.

-Please include an exception for licensed producers on private farms. This law could be seen as preventing a mom-and-pop farm owner from smoking marijuana on his/her own farm even though no other persons are present or allowed on the premises.-

New Section. WAC 314-55-080 What is a marijuana producer/processor license and what are the fees related to a marijuana producer/processor license?

-I realize fees were set by the Legislature, but please find a way within the law to work on this proposed fee structure. Under the proposed rules a small farm producing only loose flowers for sale

to retail outlets pays twice the annual license fees as a large processing facility producing thousands of gallons of infused liquids. This seems unfair.-

New Section. WAC 314-55-075 What is a marijuana producer license and what are the fees related to a marijuana producer license?

(1) A marijuana producer license allows the licensee to produce marijuana for sale at wholesale to marijuana processor licensees and to other marijuana producer licensees. Marijuana production must take place within a fully enclosed secure indoor facility or greenhouse with rigid walls, a roof, and doors.

-Include an exception for rural farms in unincorporated areas to grow outdoors with the requirement that no part of the crop be visible from any public road. This exception is especially important for breeders who need to collect pollen from multiple male plants without having them in a grow room where they would 'contaminate' each other, the crop under production, or the growers' clothing, hair, etc., thus transferring pollen to the grow rooms.-

New Section. WAC 314-55-082 Insurance Requirements.

-I have two concerns with this. First is availability. We own a small, certified-organic mushroom farm in Eastern Washington. (www.mountainmushroomfarm.com) We're unable to sell our product to large grocery chains because we can't obtain a \$1M product liability policy at a price anywhere near what would allow us to still operate at a profit. If this insurance is not affordable for a USDA organic-certified and inspected farm selling a product with a long and known safety history, who is going to write an affordable policy in this new industry with no track record for a product the federal government calls dangerous?

My second concern is that insurers will use high premiums from small farms to subsidize coverage for large processors of infused liquids. Under the proposed rules, small mom-and-pop farms are required to obtain a producer-processor license in order to sell marijuana flowers to retail stores, even though no processing has taken place and the farm has absolutely no intention of producing infused products of any kind.

There is a substantially increased risk of claims arising from infused liquids and foods, which undoubtedly will find their way into the hands of children at some point, just as alcohol does. In addition, the risk of over-exposure to THC from infused liquids is higher than from smoked flowers. Please write the insurance rules so that growers who only produce loose flowers, but are nonetheless required to obtain a processor license in order to sell to retail stores, do not share the liability burden of those who are processing and concentrating the active ingredients into other products.-

New Section. WAC 314-55-083 What are the security requirements for a marijuana licensee?

The security requirements for a marijuana licensee are as follows:

(1) Display of Identification Badge: All employees in licensed premises shall be required to hold and properly display an identification badge issued by the licensed employer at all times while in a licensee's premises.

-Please make sure the final language is such that inspectors will not construe the meaning to declare that licensed owners are also 'employees' and subject to this ID requirement. It would be an unnecessary expense for the owners of a one or two person farm, closed to the public, to display ID badges.-

New Section. WAC 314-55-083 What are the security requirements for a marijuana licensee?

(4) Traceability: To prevent diversion and to promote public safety, marijuana licensees must track marijuana from seed to sale. Licensees must provide the required information on a system specified by the board. All costs related to the reporting requirements are borne by the licensee. Plants, lots of useable marijuana or trim, leaves, and other plant matter must be traceable from production through processing, and finally into the retail environment including being able to identify the batches of products such as extracts or infused products from the base marijuana. The following information is required:

- (a) Key notification of "events", such as when a plant enters the system (moved from the clone to the vegetation production area at a young age);
- (b) When plants are to be harvested;
- (c) When plants are destroyed; and
- (d) When useable marijuana or other marijuana products are transported.

-Please amend (a) above to read, Key notification of "events", such as when a plant enters the system (moved from vegetative to flowering room).

There is no need to track plants prior to that time as no production is occurring. Grow-room managers need to be free to discard/destroy young clones/plants immediately on discovery of pathogenic molds, bacteria, insect infestation, virus, etc. If these young plants must be tracked from time of cloning, organic producers who can't use rooting solutions or anti-fungal powders, insecticides, etc., are going to naturally have a higher cull rate, and this might unfairly be suspected as a diversion of product if tracking begins too early.-

New Section. WAC 314-55-105 Packaging and labeling requirements.

(5) The accredited third party testing lab and required results of the quality assurance test must be included with each lot and disclosed to the customer buying the lot.

-Please amend the above to allow a 60-day window for testing rather than each 2 pound lot, provided that all product during that sixty day window come as clones from the same stock plant as the one(s) which generated the test. The requirement as currently written places rural farms at a distinct disadvantage considering there are unlikely to be sufficient nearby labs for testing. For example, it is a 3 hour drive each way from our farm to Spokane, and a 6 hour drive each way to Seattle. Testing currently takes 5 days when it includes a microbial screening, so this would result in transporting the product over multiple long-distance road trips for each 2 pound lot, making it harder to compete fairly with urban and especially black-market growers. A sixty-day window would still protect the consumer, while random microbe and pesticide/herbicide testing could be ordered by the board at any time to ensure compliance. Leave the lot system in place as far as reporting, tracking and labeling, but please change the testing requirement to sixty days to ensure rural producers are not unfairly kept out of the marketplace.-

Thank you,

Marc R Keith
Mountain Mushroom Farm
415 N Empire Creek Road
Malo, WA 99150

McCall, Karen J

From: DuComb, Darby [Darby.DuComb@seattle.gov]
Sent: Friday, June 07, 2013 9:47 AM
To: rules
Subject: Public Transit Center Idea

From Seattle, for your enforcement meeting today. Please forward to Justin. Thanks.

For the definition of Public Transit Center, we recommend the Board relax the proposed rule much further. As currently drafted to target any sheltered waiting area for several bus routes, nearly every arterial and commercial zone in Seattle would become ineligible for a retail store. This might have the unintended consequence of driving the Seattle marijuana market back underground. Instead, we recommend consulting transit agencies around the state to refine the definition. In King County for example, Metro has 13 public transit centers. In Seattle, examples include the Northgate Transit Center and Mount Baker Transit Center. They are often characterized by large real properties that are not in the right-of-way and contain parking lots. Such facilities have the added benefit of having perimeters, which would make it much easier to determine 1,000-foot rule requirements. One example might be:

(13) "Public transit center" means a facility located outside of the public right-of-way that is owned and managed by a transit agency or city, county, state, or federal government for the express purpose of staging people and vehicles ((sheltered waiting areas located)) where several bus or other transit routes converge. They serve as efficient hubs to allow bus riders from various locations to assemble at a central point to take advantage of express trips or other route to route transfers.



Darby N. DuComb
Chief of Staff

Seattle City Attorney's Office
600 4th Avenue, 4th floor
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McCall, Karen J

From: McCall, Karen J
Sent: Friday, June 07, 2013 2:08 PM
To: 'Bob and Bonnie Graham'
Subject: RE: section 21 of Initiative 502.

Bob,

Thank you for your comments on I-502 implementation. They will be considered as we draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Bob and Bonnie Graham [<mailto:bgraham65@hotmail.com>]
Sent: Saturday, May 11, 2013 6:50 AM
To: rules
Subject: section 21 of Initiative 502.

Guys, what's the point of legalizing the use of marijuana, if you can't go some place to socialize with it. The use in existing bars and taverns is the natural environment for this type of socialization. It's hard to imagine just what other kind of place would be acceptable, I don't think that you want to wind up with a bunch of Amsterdam style coffee houses. That way you will wind up with both bars and marijuana joints.

I think that you will be creating a lot of problems for law enforcement.

Bob Graham

McCall, Karen J

From: McCall, Karen J
Sent: Friday, June 07, 2013 2:07 PM
To: 'Marek Falk'
Subject: RE: Please permit greenhouse and secured outdoor licensed marijuana growers

Marek,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Marek Falk [<mailto:marekote@gmail.com>]
Sent: Sunday, May 12, 2013 7:55 PM
To: rules
Subject: Please permit greenhouse and secured outdoor licensed marijuana growers

Hello,

According to the Seattle Times (http://o.seattletimes.nwsources.com/html/localnews/2020969103_potcarbonxml.html), Gov. Inslee recently stated that Washington citizens "are the people who are destined to defeat carbon pollution." As reducing the carbon footprint of our state is clearly an administrative priority, it is important that the regulations for our brand-new licensed marijuana industry create an environment where growers can use methods that are safe and secure but that have lighter impacts on the environment.

Greenhouse growing is much less energy- and waste-intensive than indoor growing. Outdoor growing is even less wasteful, and according to the same Seattle Times article referenced above, Colorado is permitting outdoor growing when certain security measures are in place.

Additionally, for this new process to create money for the state instead of losing it, the state marijuana stores need to be competitive in price even after the legal-market's taxes are added on. Less intensive operations will be much less expensive to maintain, which will allow licensed outdoor and greenhouse growers to undercut illegal, indoor growers in price. Having a cheaper product is going to be critical to shifting our state's marijuana purchases to the legal shops from the illicit market.

I encourage you to consider environmental impact and cost for growers, and look to examples in Colorado, the Netherlands, and elsewhere to gain a balanced understanding of what the options are. You are likely setting the stage for years to come, and your agency will be responsible if your choices cause this enterprise to be a failure. Please make sure you are on the right side of the carbon and cost debates, and don't force this new industry to fail before it starts.

Thank you for your time and consideration of my thoughts.

Marek Falk
Seattle, WA

McCall, Karen J

From: McCall, Karen J
Sent: Friday, June 07, 2013 2:02 PM
To: 'Bruce Beckett'
Subject: RE: TurnKey Organics LLC (rule ?)

Bruce,

The measurement for the 1000 feet is as follows: "The distance shall be measured as the shortest straight line distance between the perimeters of the proposed licensed premises and the entities listed (public park, etc.)". The initiative does not allow the board to issue a marijuana license of any kind to a location within 1000 feet of those entities. It makes no difference if the public park is used or not.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Bruce Beckett [<mailto:brucebeckett@me.com>]
Sent: Tuesday, May 21, 2013 6:08 AM
To: rules
Cc: Cassidy Charlie
Subject: TurnKey Organics LLC (rule ?)

First, Thanks for all the time and energy you all our putting in to make this transition smooth.

This is a black and white aerial photograph of a section of St. Louis, Missouri, centered on the Gateway Arch. The map is oriented with North at the top. Key features include:

- Streets:**
 - Vertical streets on the left: St. Louis Avenue, S. Lane St, 13th Ave S, 12th Ave S, 10th Ave S.
 - Vertical streets on the right: S. Jenkins St, 15th Ave S.
 - Curved streets: Sturgus Ave S, Golf Dr S, 14th Ave S.
- Parks:**
 - Sturgus Park (marked with a star icon) is located near the center.
 - Lewis Park (marked with a star icon) is to the right of Sturgus Park.
 - Rizal Park (marked with a star icon) is at the bottom right.
- Landmarks:**
 - The Gateway Arch is visible on the left side of the image.
 - St. Louis University is partially visible at the top left.
- Other Labels:**
 - 90 (likely a highway or route number) is labeled near the top.
 - 12 (likely a street number or route marker) is labeled near the top left.

We have a 5500 SF wear house and have been setting up and growing currently under medical. Our thought would be for growers/producers the park issue could be less since there is no signs and not known by the public and or each case could be looked at individually. Since there can always be locations that look close but could not be accessible, water ways etc.

We are at 1300 S Dearborn and you are always welcome if need to tour another place with security up and running and plants growing.

2

Thank you for you time.

Bruce Beckett
brucebeckett@me.com

McCall, Karen J

From: McCall, Karen J
Sent: Friday, June 07, 2013 1:40 PM
To: 'kingkekoa@yahoo.com'
Subject: RE: [Licensing: Non Retail] Questions on Marijuana Producer Licensing

Jeff,

You don't have to have the lease signed prior to applying, but you must have a location address. It would probably be a good idea to have a lease contingent on receiving a marijuana license.

I don't know what "curing" is. The producer produces marijuana and sells it to processors to package and process useable marijuana and marijuana-infused products.

Karen McCall
Rules Coordinator
WLSCB
360-664-1631

-----Original Message-----

From: Washington State Liquor Control Board [<mailto:kingkekoa@yahoo.com>] Posted At: Monday, June 03, 2013 11:16 PM Posted To: Inbox
Conversation: [Licensing: Non Retail] Questions on Marijuana Producer Licensing
Subject: [Licensing: Non Retail] Questions on Marijuana Producer Licensing

Jeff Stewart sent a message using the contact form at <http://lcb.wa.gov/contact>.

I had a few clarifying questions on the Draft WAC 314-55 "Marijuana Licenses, Application Process, Requirements, and Reporting" document.

From reading through the I-502 Initial Draft Rules (Rev 05.16.2013) it is unclear on whether or not producers will have to already have a place rented before applying.

In order to have a business plan, complete with a "floor plan or site plan drawn to scale" does that mean that we must rent a place before applying for the producer permit?

Per the timeline at [http://www.liq.wa.gov/publications/Marijuana/I-502/I-502 Official Timeline IV 4-16-13.pdf](http://www.liq.wa.gov/publications/Marijuana/I-502/I-502%20Official%20Timeline%20IV%204-16-13.pdf), applications have to be in by September, and licenses aren't issued until December.

That appears to indicate that applicants will have to have a place rented in September (per the landlord agreement requirement, and needing a specific floor plan), but they won't know until December whether they will be approved. That's four months of paying rent for a space that can't generate any return during that time.

Additionally, if the application is denied, the applicant could potentially be locked into a year lease, which they would then have no use for.

The same concern comes up if the city where the applicants have rented objects or blocks them from producing in that space.

Ideally the floor plan would be for a generic space, showing how you would use X square footage, detailing the equipment and methods to be used. Then the actual commercial space

wouldn't need to be rented until AFTER the applicant finds out if their application has been approved or denied.

If not, then the barrier to entry may be too high for many smaller applicants that can't afford four plus months of renting a space that can't be used.

One other quick question, does the curing of grown marijuana after being cut fall under producing, or processing? That hasn't been made clear yet, and would determine whether or not applicants need to apply for the Producer or the Producer/Processor license.

Thanks,

Jeff

McCall, Karen J

From: McCall, Karen J
Sent: Friday, June 07, 2013 1:29 PM
To: 'David Stein'
Subject: RE: Draft rules

David,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

-----Original Message-----

From: David Stein [<mailto:d.stein@mac.com>]
Sent: Thursday, June 06, 2013 6:36 AM
To: rules
Cc: John Bockmier
Subject: Draft rules

Dear Liquor Control Board,

I plan to apply for a producer/processor license.

In the draft rules, I do not see any provisions for research and development of new strains or varieties. I suggest a new section dedicated to definition and implementation of this process.

Sincerely

David Stein

McCall, Karen J

From: McCall, Karen J
Sent: Friday, June 07, 2013 1:25 PM
To: 'Frank Mancinelli'
Subject: RE: City Parks

Frank,

If the area is designated as a city park a marijuana license could not be issued at that location.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Frank Mancinelli [<mailto:frankmancinelli@gmail.com>]
Sent: Thursday, June 06, 2013 8:49 AM
To: rules
Subject: City Parks

I have a question regarding zoning for a producer and Seattle city parks. I am looking at a property in South Park neighborhood for feasibility of starting a growing operation. I know South Park is one of the industrial areas the city has laid out as ground zero for Seattle, but the Duwamish Waterway Park is a patch of grass with a bench and it is only about 300 ft away from the proposed site. Will this be enough to deny a license to that property for marijuana production?

Any clarification on this would be greatly appreciated.

Thank you,

Frank Mancinelli
206-779-6839

McCall, Karen J

From: McCall, Karen J
Sent: Friday, June 07, 2013 1:24 PM
To: 'Compaan, Al'
Subject: RE: Comment on Draft Rules - Marijuana

Chief Compaan,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Compaan, Al [<mailto:Al.Compaan@edmondswa.gov>]
Sent: Thursday, June 06, 2013 9:35 AM
To: rules
Cc: Nordhorn, Justin T
Subject: Comment on Draft Rules - Marijuana

To the Washington State Liquor Control Board:

I have several comments that I would like to Board to consider regarding the Draft Rules pertaining to Marijuana:

- 1) WAC 314-55-040: With regard to the point matrix and the eight or more points that may preclude issuance or renewal of a license. I find it unacceptable that the Liquor Board would adopt what amounts to a tolerance policy on dishonesty. I note that in the matrix, nondisclosure of prior convictions, or current federal/state supervision for a felony conviction, carries with it a FOUR point penalty. Nondisclosure should be an automatic showstopper. If the applicant/licensee wishes to appeal the denial based on the applicant's apparent misrepresentation of a crucial material fact – such as prior convictions, there remains an administrative hearing procedure. I remain very concerned about the fringe - and criminal - elements that seem to be attracted to the whole notion of selling MJ under the new rules.
- 2) Within the same draft WAC, under exceptions to criminal history point assignment, here again there is an apparent tolerance policy in paragraph (a). There should be no tolerance policy – if an applicant has violated the law, it should be treated as such – and not as an exception. Possession of MJ and MJ containing products remains a federal crime, and remains a crime in most states.
- 3) WAC 314-55-045: Here again a tolerance policy. It is unacceptable to me that the Liquor Board is contemplating tolerating any public safety violations when considering issuance of a license. The threshold of “three or more public safety violations” again, in my opinion, amounts to a tolerance policy.

I appreciate the opportunity to comment. Please feel free to contact me.

Al Compaan, Chief of Police
Edmonds Police Department
250 Fifth Av. N.
Edmonds, WA 98020

425.771.0201

SCG 206, LP
2234 1st AVE
Seattle, Washington 98121

June 6, 2013

To: WSLCB
From: Marcus Charles

RE: Draft Rules

Thank you for the opportunity to comment on the recently released draft rules.

We are excited for the potential opportunity that this entire social experiment is affording our state, as well as possibly our entire country. The national consciousness is watching us and how we move this industry forward.

Unfortunately, we also have some serious concern that the draft rules, in their current form, appear to overlook. Further requirements should be adopted to create an environment where reputable participants are able to enter (a soon to be legal) cannabis marketplace that effectively (and currently) operates outside of any serious regulation or taxing authority in the form of Medical Marijuana (MMJ).

In our personal opinion, the vast majority of the current "MMJ Enterprise Participants" operate outside of current Washington MMJ laws and regulations.

As you are probably aware, our current law limits any community garden to 45 plants and every access point must have its own designated exclusive community garden from which its supply is sourced. As you have seen firsthand, those two core principals are not being followed by the vast majority of MMJ establishment's whether they are producing or retailing.

If these types of participants are allowed to enter this new legal market place, they will likely skirt any new regulations in order to maximize profit at the cost of public safety and to avoid paying taxes, in the same matter that they currently ignore existing laws on community gardens.

Ultimately, our concerns center around three main points:

1. Because there is a current MMJ market that operates with such little regulation or tax obligation, there must be a rule that **'Recreational Cannabis' cannot be produced either in the same physical location as MMJ or by any true parties of interest currently involved in MMJ production, processing or retailing in Washington State.**

Interested parties must choose which set of regulations and by which set of laws that they intend to operate under and be true to them in both spirit and letter for their entire commercial enterprise. It is a simple choice MMJ or Recreational Cannabis.

This is needed to ensure that participants do not “game the system” to the detriment of the entire regulated recreational cannabis market and subsequent tax collection for the State.

2. If ‘true parties of interest’ and ‘employees’ must be residents of the State of Washington, so should ‘financiers’. Without this provision, the integrity of financiers will be difficult to determine, even with background checks.

And, most importantly, this difference alone could be the catalyst for a Federal challenge as out of state capital will in fact make the Interstate Commerce Clause of the Federal Government a forefront issue.

3. We are free market capitalists. Any licensable participants willing to operate according to the recreational rules (and also willing to ensure that proper taxes are collected and remitted) should be allowed to participate in this new industry.

Unlike other mature industries that are highly taxed and highly regulated, this industry is in its infancy. Normal practices, yet alone best practices, have not yet been incorporated into the industry as a whole. One participant’s version of tracking and security will be highly different from another’s. And, could in fact be set up intentionally to throw off enforcement audit ability.

So, as function of establishing this new industry, we believe that the WLSCB has a duty to set a robust minimum standard for tracking and security. We would like to point you to the comments of both Tom Leaptrott and Brent Gable included hereafter in both Appendix A & B.

We are not advocating the use of any specific propriety software or hardware, just the most appropriate set up possible to ensure public safety and tax collection.

Again, we appreciate the opportunity to comment. We look forward to working with you to develop rules that will ensure a robust yet reputable market for recreational cannabis.

Thank you for your time,

Marcus Charles
SCG 206, LLC

Appendix A

Executive Summary

Thank you for allowing Quantum Leap Packaging to submit suggestions for the modifications of rules for WAC 314-55 related to the licensing, processing, and packaging of marijuana. We would also like to thank you for taking the time for allowing us to present our power point presentation last month. We hope we gave the commission plenty of possibilities to think about regarding the packaging and tracing of packages through the system.

After reviewing the document we have proposed language we believe would make the program better, give a greater degree of control, and provide the end consumer some degree of confidence that the packages they buy are from a licensed grower regulated by the State of Washington. The concept of our proposal will allow the State to track and trace every step of the process to assure compliance and revenue collection. This will also provide the proper controls to help satisfy potential concerns by the federal authorities and provide a strong deterrent to criminal elements that might otherwise take advantage of a weaker system not capable of authenticating the packaging and process at each step. Control of the packages by a solid track and trace system that has some level of sophistication is critical to avoid counterfeit product entering the product stream and keeping the stakeholders confident that this program is viable in the long term and the State collects the type of revenue they have forecasted. The rules only note that the package needs to be traced from the seed to the product. No other criteria are mentioned. This leaves multiple interpretations of what is really needed and we try to clarify the requirements.

The track and trace recommendations are probably the most dynamic and will have a huge impact on the success of implementation. We strongly suggest the commission to review these proposed changes. They are designed to make sure the state has a firm level of control, have a high degree of confidence that counterfeit product from in and out of state growers does not make it into the marketplace, and provide the revenue tax enforcement group a level of collection techniques needed for this huge retail business segment. Many of these changes follow the same type of logic that exists from the cigarette tax stamp system while adding new tracing and tamper resistant technologies. The track and trace system we are proposing is a proven technology that can be customized for the State.

We also added specifications to the type of packaging needed taking into account product quality (freshness), shelf life, tamper resistance, and functionality. The minimum thickness helps with quality but also makes it more difficult for children to open packaging and gain access. The rule related to having an open window allows consumers to see what they are actually buying making it more

difficult for other materials to be in the package. These rules will allow retailers to decide whether they want packages that are smell proof or that admit odor for product selection depending on the type of materials and thickness of the package. Also mentioned in the changes, is the appropriateness of the advertising being monitored and defined by the WSLCB.

All products should be heat sealed and not allowed to be opened within a retail outlet. It is critical that once a package leaves a processor no other foreign materials can be added, the sealed packaging ensures this is the case. This packaging also provides confidence that the material tested from the growers will be the same as the product purchased at the retail location. It is impossible to reseal a retail product once it has been opened without showing signs of tampering.

Based upon our experience in packaging and track and trace systems we feel these proposed changes are a must. If you would like to meet with our team further to explain the recommendations or ask questions feel free to contact Jessica Bork.

Sincerely

Tom Leaptrott
President
Quantum Leap Packaging

Suggested Changes:

Page 15: (4) Traceability: To prevent diversion and to promote public safety, marijuana licenses must track marijuana from seed to sale. Licensees must provide the required information on a system specified in WAC 314-55-105.

Page 23 WAC 314-55-105

(2) Any container or packaging containing usable marijuana or marijuana products must protect the product from contamination and must not impart any toxic or deleterious substance to the usable marijuana or marijuana product. In order to accomplish this, the packaging must be tamper resistant and have the following requirements:

- (a) Lamination (moisture barrier);
- (b) Caliber of material not less than 3 mils;
- (c) Package is heat sealed and reclosable;
- (d) Minimal tensile in Machine Direction and Cross Direction of at least 20 lbs. at break;
- (e) Must have a clear window enabling the customer to view the product from the retailer;
- (f) Packaging from the grower and processor levels should also have the open window feature so as to prevent any other materials entering the package;

(g) Meet all the labeling requirements specified by the State.

(3) Retail customers must have the ability to access the name of the accredited third party testing lab and results of the required quality assurance test for any useable marijuana or other marijuana product the customer is considering purchasing.

This information must be available to the following:

The Consumer, The Retailer, The Processor, The Producer, and the State Reporting Officials. This can only be accomplished with a system that has 3 distinct features.

(a) A Secure marking on the product packaging. This authentication marker, using covert technology, that once read unlocks encrypted information to the app user. The secure codes will hold all the information required in the document. The secure mark can only be unlocked and read with a State Owned/Sponsored Smart Phone Application (funded as part of the track and trace revenue collection system);

(b) The Smart Phone Application will have four distinct apps for the groups described above and each app will display appropriate information for that group.

Consumer, sees only information he/she needs to establish authentic product, and history.

Retailer, sees only information relevant to him.

Processor, sees only information relevant to him, but he is also responsible for affixing the proper marks to the proper product packaged to be sold to the retailer.

Producer, sees only information relevant to him, but his is also responsible for affixing the proper marks to the proper bulk package out to the processor or direct to the retailer.

The State Reporting Officials will see all information required;

(c) A Secure Portal will be made available for the State Reporting Officials, and whomever they deem necessary. The portal will allow the state to manage, edit, encode, or delete the secure mark codes. Manage personnel activity and access to the system. Allow state to see real time activity through the supply chain.

This ensures that the information is accurate and current, and the product is authentic.

The mark (a secure anti-copy unique I.D.) on the product packaging must be covert technology, meaning it cannot be duplicated, copied or scanned, and is only good for the specific lot of marijuana in question.

(4) Useable marijuana and marijuana products may not be labeled as organic unless certified as organic by the Washington State Department of agriculture. This certification can be independently verified by a consumer via a secure anti-copy unique I.D.

(5) The accredited third party testing lab and required results of the quality assurance test must be included with each lot and disclosed to the customer buying the lot. This certification can be independently verified by a consumer via a secure anti-copy unique I.D. barcode.

(6) A producer must disclose in writing all pesticides, herbicides, and fungicides or other compounds used for pest control or plant disease while producing any marijuana plant in the lot. This certification can be independently verified by a consumer via a secure anti-copy unique I.D. barcode.

ADD point (13) at end or as (7) and shift other points: the secure mark must be incorporated into the packaging in a way that ensures the secure mark is non-transferrable to another package. The secure mark must not have the ability to be reproduced or copied in any way to ensure that the information associated with the secure mark is unique to the marijuana or marijuana product in the package.

ADD point (9) (i) Information in (9)(a)-(d) and (g) can be independently verified by a consumer via a secure anti-copy unique I.D. mark.

ADD point (9)(j) Any branding or optional graphics must be deemed appropriate and defined by the WSLCB.

ADD point (11) (n) Information in (11)(a)-(h) and (j) can be independently verified by a consumer via a secure anti-copy unique I.D. mark

Appendix B

Recommended Changes to Security Requirements for the WSLCB I-502

Overview

After review of the current security requirements outlined in the WSLCB I-502 implementation document, specifically WAC 314-55-083, there is a need for more detail and clarification to ensure that video surveillance footage is of usable quality across the multitude of licensees. The WSLCB and law enforcement will benefit greatly from having tighter video standards during any incident and/or video surveillance footage review.

Additionally, one of the most important factors to consider for video surveillance requirements is integration to third party systems such as a traceability system and Point of Sale (POS) system. This would index video evidence at every bar code scan in the inventory system as well as every sale to the public.

Recommended Video Surveillance Guideline

- Video recording hardware/software solutions
 - Network video recorder (NVR) to be used in all installations
 - All recorders must be ONVIF 2.0/Profile S or higher compliant
 - <http://www.onvif.org/>
 - Cameras to be IP addressable
 - All cameras must be ONVIF 2.0/Profile S or higher compliant
 - NVR systems must be connected to the internet and accessible to the WSLCB
 - Establish a Memorandum of Understanding (MOU) with each licensee to grant WSLCB access to view and backup video
 - This will establish a clear procedure for both parties for incident review
 - Current example from the Albuquerque Police Department currently in place under a public/private partnership
 - <http://www.smartpolicinginitiative.com/SPIsite/albuquerque-nm>
 - Most NVR systems allow for multiple permission levels

- The WSLCB and/or law enforcement could have access to only cameras covering the areas currently outlined in the existing requirements
 - Private camera coverage could be restricted from the WSLCB
 - Access will be granted to the WSLCB for live and recorded video
 - Access will be granted to the WSLCB to backup incident based video
 - Notification of video backups could be done following the video retrieval
- NVR systems shall have automated health reporting to a cloud based and independently maintained health monitoring service
 - The health monitoring service shall automatically notify the licensee and the WSLCB of the following conditions
 - NVR failure
 - Camera failure
 - Hard disk drive failure
 - 45 day video storage retention policy not met
 - The health monitoring service shall automatically send the licensee and the WSLCB a monthly health summary report including a snapshot image from each camera to ensure ongoing image suitability and compliance
 - We would recommend that an approved reference image from the original installation be required within this report as an easy point of comparison
 - This allows for the licensee to be automatically notified if their system is not performing correctly or in working order, and ensures that video evidence will be continually available to the WSLCB and law enforcement
- NVR systems should be limited to a small number of manufacturers
 - Each manufacturer will have a proprietary software package to view and backup video
 - The expense/labor required to maintain an unlimited number of software packages would be extremely challenging
- Video quality/recording standards
 - Video compression to be ONVIF 2.0/Profile S or higher H.264
 - Minimum 7 FPS/IPS/PPS per camera
 - Minimum 1.3MP, 720P, or 1280x1024 camera resolution

- This will ensure standardized video quality
 - All cameras set for 24/7 continuous recording
- Video retention standards
 - The WSLCB needs to determine what their incident review time (IRT) would be
 - Under the current requirement 45 days of video would be recorded which may or may not be enough retention
 - Some leading questions to determine an accurate IRT
 - How long does it take before the WSLCB is notified of an incident requiring video evidence?
 - How does the WSLCB notify the licensee?
 - Mail
 - E-Mail
 - Phone
 - How long does the licensee have to comply?
 - What is the recourse for lack of video evidence?
 - Having real time access to the video would streamline this process exponentially

Video Surveillance System Integration Requirements

- Video surveillance system must allow for integration to the traceability system
 - NVR system must allow for recording and indexing of bar code scans and asset tagging data entry
 - Data retention will match video retention
 - NVR system must provide a data search for individual bar code scans/entry
 - A video link would be provided based on individual entries
 - NVR system must provide a text overlay on the recorded video showing bar code entry with matching time index
 - NVR software package will allow for automated reports via email to the WSLCB
- Video surveillance system must allow for Point of Sale (POS) integration
 - NVR system must allow for recording and indexing of all POS transactions to the general public
 - Data retention will match video retention
 - NVR system must provide a data search for individual POS transactions and POS exception codes
 - A video link would be provided based on individual entries

- NVR system must provide a text overlay on the recorded video showing POS transaction information with matching time index
- NVR system shall provide a tool for tracking key performance indicators based on transaction data across multiple cashiers and locations for the purpose of detecting fraud and or unintentional operational errors.
- NVR software package will allow for automated reports via email to the WSLCB

In closing I would be happy to address any questions, explanations, or clarification for the above content in person or by phone.

Thank you for your consideration

Brent Gable

Director, Business Development

OpenEye[®]

Page 15: (4) Traceability: To prevent diversion and to promote public safety, marijuana licenses must track marijuana from seed to sale. Licensees must provide the required information on a system specified in WAC 314-55-105.

Page 23 WAC 314-55-105

(2) Any container or packaging containing usable marijuana or marijuana products must protect the product from contamination and must not impart any toxic or deleterious substance to the usable marijuana or marijuana product. In order to accomplish this, the packaging must be tamper resistant and have the following requirements:

- (a) Lamination (moisture barrier);
- (b) Caliber of material not less than 3 mils;
- (c) Package is heat sealed and reclosable;
- (d) Minimal tensile in Machine Direction and Cross Direction of at least 20 lbs. at break;
- (e) Must have a clear window enabling the customer to view the product from the retailer;
- (f) Packaging from the grower and processor levels should also have the open window feature so as to prevent any other materials entering the package;
- (g) Meet all the labeling requirements specified by the State.

(3) Retail customers must have the ability to access the name of the accredited third party testing lab and results of the required quality assurance test for any useable marijuana or other marijuana product the customer is considering purchasing.

This information must be available to the following:

The Consumer, The Retailer, The Processor, The Producer, and the State Reporting Officials. This can only be accomplished with a system that has 3 distinct features.

- (a) A Secure marking on the product packaging. This authentication marker, using covert technology, that once read unlocks encrypted information to the app user. The secure codes will hold all the information required in the document. The secure mark can only be unlocked and read with a State Owned/Sponsored Smart Phone Application (funded as part of the track and trace revenue collection system);
- (b) The Smart Phone Application will have four distinct apps for the groups described above and each app will display appropriate information for that group.
 - Consumer, sees only information he/she needs to establish authentic product, and history.
 - Retailer, sees only information relevant to him.
 - Processor, sees only information relevant to him, but he is also responsible for affixing the proper marks to the proper product packaged to be sold to the retailer.

Producer, sees only information relevant to him, but his is also responsible for affixing the proper marks to the proper bulk package out to the processor or direct to the retailer.

The State Reporting Officials will see all information required;

- (c) A Secure Portal will be made available for the State Reporting Officials, and whomever they deem necessary. The portal will allow the state to manage, edit, encode, or delete the secure mark codes. Manage personnel activity and access to the system. Allow state to see real time activity through the supply chain.

This ensures that the information is accurate and current, and the product is authentic.

The mark (a secure anti-copy unique I.D.) on the product packaging must be covert technology, meaning it cannot be duplicated, copied or scanned, and is only good for the specific lot of marijuana in question.

(4) Useable marijuana and marijuana products may not be labeled as organic unless certified as organic by the Washington State Department of agriculture. This certification can be independently verified by a consumer via a secure anti-copy unique I.D.

(5) The accredited third party testing lab and required results of the quality assurance test must be included with each lot and disclosed to the customer buying the lot. This certification can be independently verified by a consumer via a secure anti-copy unique I.D. barcode.

(6) A producer must disclose in writing all pesticides, herbicides, and fungicides or other compounds used for pest control or plant disease while producing any marijuana plant in the lot. This certification can be independently verified by a consumer via a secure anti-copy unique I.D. barcode.

ADD point (13) at end or as (7) and shift other points: the secure mark must be incorporated into the packaging in a way that ensures the secure mark is non-transferrable to another package. The secure mark must not have the ability to be reproduced or copied in any way to ensure that the information associated with the secure mark is unique to the marijuana or marijuana product in the package.

ADD point (9) (i) Information in (9)(a)-(d) and (g) can be independently verified by a consumer via a secure anti-copy unique I.D. mark.

ADD point (9)(j) Any branding or optional graphics must be deemed appropriate and defined by the WSLCB.

ADD point (11) (n) Information in (11)(a)-(h) and (j) can be independently verified by a consumer via a secure anti-copy unique I.D. mark

McCall, Karen J

From: McCall, Karen J
Sent: Friday, June 07, 2013 1:23 PM
To: 'douglas.roff@brincip.com'
Subject: RE: I - 502 propsed rulemaking input

Douglas,

I have answered your questions below. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: douglas.roff@brincip.com [mailto:douglas.roff@brincip.com]
Sent: Thursday, June 06, 2013 12:40 PM
To: rules
Subject: I - 502 propsed rulemaking input

Hi

1. Will the criteria for license approval be provided for the various license categories? The requirements and qualifications are in the initial draft proposed rules.
2. Can an applicant apply for all licenses, even though the same applicant cannot be issued a retail and producer license simultaneously? If an application comes in for a producer or processor and another application for the same entity comes in for a retailer license the applicant will need to make a choice on whether they want the retailer or the other licenses.
3. Retail licenses will be limited in number initially, and will be issued county-by-county. Will there be any limitations on the issuance of producer or producer/processor licenses? No.
4. Will there be any limitations on producer production volumes? No.

Douglas Roff
Blaine, Wa.

McCall, Karen J

From: McCall, Karen J
Sent: Friday, June 07, 2013 1:19 PM
To: 'janet matula'
Subject: RE: a few questions...

Janet,

I have answered your questions below.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: janet matula [<mailto:janetmatula@me.com>]
Sent: Friday, June 07, 2013 10:02 AM
To: McCall, Karen J
Subject: a few questions...

If a business located within the 1000 foot barrier provided daycare for their employees, does this count as a "child care center? Yes.

Would a licensee be "grandfathered in" should a transit center, playground, etc. be built after marijuana license is granted and/or renewed? Yes.

New Section. WAC 314-55-015 General information about marijuana licenses.: #7

Could you add another business inside a Marijuana Store? ie: clothing? Food not infused? No to all three questions.
Could you combine a liquor license and a marijuana retail in one location? No.

Can you have multiple licenses? ie: grow and retail? You can hold no other marijuana license if you hold a marijuana license. You could hold both a producer and processor license.

Can a government entity impose a ban on any of the licenses? I don't know what you mean by this question.

McCall, Karen J

From: McCall, Karen J
Sent: Friday, June 07, 2013 1:16 PM
To: 'Sarah Morris'
Subject: RE: Initiative 502 Initial Draft Rules Recommendations

Rachel and Sara,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

The residency requirement of 3 months was in the initiative and can't be changed by rule.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

-----Original Message-----

From: Sarah Morris [<mailto:morsar19@evergreen.edu>]
Sent: Friday, June 07, 2013 1:06 PM
To: rules
Subject: Initiative 502 Initial Draft Rules Recommendations

To Whom it May Concern,

We have submitted for your consideration three recommendations regarding implementation strategies. These have been formulated over the course of ten weeks as we have been conducting graduate research for our Capstone in the Master's of Public Administration program at the Evergreen State College. If you would like a copy of our full report feel free to contact us. We have a deep appreciation for the work you are doing and commend the WSLCB for allowing public input. Thank you for your time and consideration.

Sincerely,
Rachel McAuley & Sarah Morris

morsar19@evergreen.edu
802.999.9278

mcarac03@evergreen.edu
206.718.2402

McCall, Karen J

From: McCall, Karen J
Sent: Friday, June 07, 2013 12:55 PM
To: 'heart Rock Ranch'
Subject: RE: Comments of Initial Draft Rules

Kathy,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

The initiative only allows a producer to sell marijuana to a processor or another producer. It does not allow sales to retailers at all.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: heart Rock Ranch [<mailto:heartrockranch@ncidata.com>]
Sent: Friday, June 07, 2013 9:02 AM
To: rules
Subject: Comments of Initial Draft Rules

Comments on Draft Rules - Draft WAC 314-55

Marijuana Licenses, Application Process, Requirements, and Reporting

Language Suggestions - WAC 314-55-075

What is a marijuana producer license and what are the fees related to a marijuana producer license?

Comments on Draft Rules- Draft WAC 314-55

After careful review of the Proposed Draft Rules I must strongly oppose omissions in Draft WAC 314-55-075

1. Review needs to be done to the language of Initiative 502 presented to the Voters of Washington State. It did not specify to the voters that this would not be an agricultural crop opportunity to existing outdoor farming activities. Implementation of a restriction for indoor operations only will be a serious violation of public (voter) trust.
Outdoor Marijuana production can be regulated and as secure as any indoor Marijuana production.
2. In the language of Initiative 502 presented to the Voters of Washington State nothing was stipulated about Producers not being able to sell Marijuana to retailers in bulk. If the product does

not require any processing other than packaging, the Producers should be able to sell direct to retailers.

In the interest of public trust I request review and revision of Draft WAC 314-55-075
Please see suggested draft language below.

Language Suggestions on Draft Rules - WAC 314-55-075

New Section. WAC 314-55-075 What is a marijuana producer license and what are the fees related to a marijuana producer license?

(1)a A marijuana producer license allows the licensee to produce marijuana for sale to retail licensees as unprocessed bulk Marijuana in 2 oz. packaging or larger or wholesale to marijuana processor licensees and to other marijuana producer licensees.

Marijuana production must take place within the following:

Indoor Production: Within a fully enclosed secure indoor facility or greenhouse with rigid walls, a roof, and doors and must meet the security requirements in WAC 314-55-083.

Outdoor Production: Within a fully enclosed secure outdoor facility with a minimum 8 foot security fence that is a minimum of 200 feet from any public roadway and must meet the security requirements in WAC 314-55-083.

Respectfully Yours,

Kathy Power
Power Consulting, LLC
59B White Rock Road
Okanogan, WA 98840
509-422-12234
kathy@reawarens.com

McCall, Karen J

From: McCall, Karen J
Sent: Friday, June 07, 2013 12:48 PM
To: 'benrlee@comcast.net'
Subject: RE: Ban on hash?

Ben,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: benrlee@comcast.net [mailto:benrlee@comcast.net]
Sent: Friday, June 07, 2013 10:05 AM
To: rules
Subject: Ban on hash?

Hello, I'm a concerned citizen writing about the proposed rules for the legalization of marijuana in Washington State. What concerns me is the ban on hashish and other marijuana "extracts." First, the liquor control board has given no explanation (that I can find at least) of why the product will be banned. Second, banning the product makes no sense legally and will not improve public safety. Third, hashish is the preferred way of consuming cannabis for myself and thousands of other recreational users.

Let me start by telling you a few necessary details about myself. I am an occasional marijuana smoker. I generally smoke cannabis products around one or two times per month. However, when I smoke I always prefer to smoke hashish over leaf marijuana. Let me tell you why. For me, hashish is a cleaner smoke than leaf marijuana, which is a thicker smoke and makes me cough a lot more than hash does. Hash is a more pure and cleaner derivative of the plant product. This is why some people choose to smoke it over the green form of the product. I believe that legalizing the leaf form of marijuana while banning hash makes as much sense as legalizing green tea and banning black tea. Obviously, they are not the same, but hopefully this illustrates my point. I could not actually find an explanation for the ban on hashish in the draft rules, on the internet or anywhere else, but I imagine that the ban was proposed because hash and extracts are a more potent form of cannabis. Yes, this is true, but more potent does not mean more dangerous or a higher potential for abuse. I am fully certain that you can get just as intoxicated smoking green marijuana as you can smoking hash. The only difference in usage is that it requires less hash to achieve the same effects as it does marijuana. The methods for intake are also different and it requires less hash smoke to achieve the same effects. You could actually argue that hashish is healthier.

In conclusion, I believe that this clause of the draft rules is a mistake and it would be a shame to see it published in the final draft. Hashish is in no way more dangerous than marijuana and is actually

better in some ways. Also, I would appreciate it if you could explain the Liquor Control Boards reasons for this position and why you chose to implement a ban on hashish and extracts in the proposed rules. I am concerned for myself and for other citizens of the state and I hope that you will reconsider this ban before the final rules are put in to effect. Thank you for your time.

Sincerely,

Ben Lee

McCall, Karen J

From: McCall, Karen J
Sent: Friday, June 07, 2013 8:54 AM
To: 'Tim Matula'
Subject: RE: Licensing

Tim,

If the publicly traded company is not a Washington corporation it would not qualify. Is it? All of the stockholders must be residents of the state of Washington for at least three months prior to the application date. Are they?

Karen

From: Tim Matula [<mailto:timmatula@comcast.net>]
Sent: Friday, June 07, 2013 8:34 AM
To: McCall, Karen J
Subject: RE: Licensing

How can I qualify shareholders of a publicly traded company when they buy and sell stock of the company on a daily basis? Anyone can buy and sell the stock, I do not have control.... thank you for your help!

Tim

From: McCall, Karen J [<mailto:KJM@LIQ.WA.GOV>]
Sent: Friday, June 07, 2013 8:30 AM
To: Tim Matula
Subject: RE: Licensing

Tim,

The company is the license holder. The officers and shareholders are persons to be qualified.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Tim Matula [<mailto:timmatula@comcast.net>]
Sent: Thursday, June 06, 2013 5:09 PM
To: rules
Subject: Licensing

I think you need to rethink the publicly traded company issues in reference to who is named on the license.... you currently have all officers and shareholders, but the nature of a publicly traded company is that stock is bought and sold on a daily basis therefore shareholders change on a daily basis. Why can't the company be the license holder in this situation? Maybe I read it incorrectly....

Thanks,

Tim

McCall, Karen J

From: McCall, Karen J
Sent: Friday, June 07, 2013 8:39 AM
To: 'tedine@comcast.net'
Subject: RE: Cannabis Grow Sites

Tedine,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: tedine@comcast.net [mailto:tedine@comcast.net]
Sent: Thursday, June 06, 2013 9:56 AM
To: rules
Subject: Cannabis Grow Sites

I wish to comment about the restriction of Cannabis grow sites as proposed in WAC 314-55-075

The need for security is important but outdoor sites can also be very secure. An outdoor courtyard with high walls, razor wire, security cameras, electronic security and many other such measures is as secure as an indoor facility with roof and doors. Outdoor, organic cannabis is a high quality product. To restrict growing to indoor sites loses this more expensive product's revenue and keeps it in the non-legal system. I hope you will reconsider this growing restriction.

Tedine Roos
Vancouver, WA

McCall, Karen J

From: McCall, Karen J
Sent: Friday, June 07, 2013 8:38 AM
To: 'dnwenzel0@gmail.com'
Subject: RE: [Proposed Rules] Resident requirement for cannabis license

Dane,

The residency requirement is not the same as liquor. The residency requirement is 3 months. All officers, shareholders, members, and/or spouses must meet the residency requirements to be eligible to hold a marijuana license. To be considered a resident of the state you must actually reside in the state of Washington. The initial draft proposed rules to implement I-502 are on our website. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

-----Original Message-----

From: Washington State Liquor Control Board [<mailto:dnwenzel0@gmail.com>]
Sent: Thursday, June 06, 2013 10:22 AM
To: rules
Subject: [Proposed Rules] Resident requirement for cannabis license

Dane W sent a message using the contact form at <http://liq.wa.gov/contact>.

My question is whether the cannabis license requirements for residency will be the same as those that exist for a liquor license?

I will have an LLC registered in the state of Washington, however I am an Oregon resident. Will I be able to apply for a cannabis license?

The FAQ for the liquor license state "If you are applying as a sole proprietor or a partnership, both you and your spouse (if applicable) need to be residents of Washington for 30 days before applying for a liquor license.

This requirement does not apply if you are applying as a part of a corporation or a limited liability company that is registered with the Washington Secretary of State's office."

The Department of Revenue for Washington State presumes that a person is a resident of the state if they have a business license in the state.

McCall, Karen J

From: McCall, Karen J
Sent: Friday, June 07, 2013 8:33 AM
To: 'Brent Gable'
Subject: RE: Recommended Modificaitons to Security Requirements for I-502

Brent,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Brent Gable [<mailto:bgable@openeye.net>]
Sent: Thursday, June 06, 2013 2:57 PM
To: rules
Subject: Recommended Modificaitons to Security Requirements for I-502

To whom it may concern:

I had met with the WSLCB on May 21st of this year to share some concern over the draft security requirements outlined in the I-502 initial draft rules, WAC 314-55-083. As a product of the meeting, I wanted to share some manufacturer agnostic standards that would dramatically improve and tighten the video surveillance and traceability sections of the draft requirements.

I would be happy to answer any specific questions or inquiries concerning the attached document, and would also be happy to meet with the board for further discussion in the near future.

Thanks in advance for your consideration,

Brent Gable
Director, Business Development

OpenEye[®]

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23221 E. Knox Ave.
Liberty Lake, WA 99019
(888) 542-1103 x2501 Direct
(509) 777-6702 Fax
www.openeye.net



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McCall, Karen J

From: McCall, Karen J
Sent: Friday, June 07, 2013 8:32 AM
To: 'Janice Brown'
Subject: RE: Warning labels like cigs

Janice,

Thank you for your comments. They will be considered as we continue to draft rules to implement I-502.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Janice Brown [<mailto:jbcedar1@gmail.com>]
Sent: Thursday, June 06, 2013 3:09 PM
To: rules
Subject: Warning labels like cigs

On PBS I just watched Colorado news and saw products without labeling.

Warning Labels sim to cigs

1. Doesn't protect from Federal enforcement
 2. Drug DUI are actively enforced by Wa law enforcement.
 3. Drug may stay in system for month. If your job has drug testing you could lose you job.
 4. Can't use in public
 5. Do not transport across Canada border or OR or ID can be used in WA ONLY.
- Etc

McCall, Karen J

From: McCall, Karen J
Sent: Friday, June 07, 2013 8:30 AM
To: 'Tim Matula'
Subject: RE: Licensing

Tim,

The company is the license holder. The officers and shareholders are persons to be qualified.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Tim Matula [<mailto:timmatula@comcast.net>]
Sent: Thursday, June 06, 2013 5:09 PM
To: rules
Subject: Licensing

I think you need to rethink the publicly traded company issues in reference to who is named on the license.... you currently have all officers and shareholders, but the nature of a publicly traded company is that stock is bought and sold on a daily basis therefore shareholders change on a daily basis. Why can't the company be the license holder in this situation? Maybe I read it incorrectly....

Thanks,

Tim

McCall, Karen J

From: McCall, Karen J
Sent: Friday, June 07, 2013 8:28 AM
To: 'David Sloan'
Subject: RE: Initial Draft Rules Input

David,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: David Sloan [<mailto:dssloan@yahoo.com>]
Sent: Thursday, June 06, 2013 5:27 PM
To: rules
Subject: Initial Draft Rules Input

Section WAC 314-55-010:

Item (6) - This item should be removed as this type of establishment could be anything. Even a bar - under this definition could be considered with the wording "amusement devices". Section WAC 314-55-035 item (11) (h) does clarify age restriction.

Item (7) - This item should be removed as this type of establishment could be anything. Even a rental establishment could be considered under this definition with words like borrowing.

Item (14) - This item should be removed as some wellness facilities could fall under and part of the wellness regime is medicinal cannabis.

Section WAC 314-55-020:

Item (3) (a) - Fees should be waived or part of the cost of the license. If the state wants this data - the state should pay.

Item (7) - The time should be longer than 3 months. This allows more outside the state people to take local people's jobs. They should have to live here for a year or more.

Section WAC 314-55-035:

Item 1 table - spouses should not be included if they have no active part in the license.

Section WAC 314-55-080:

Item (3) - This should be reduced to \$1000 as originally planned and then moved up if it makes sense - especially if the processor is a baker.

Section WAC 314-55-083:

Item (3) (e) - 72 hours minimum is a long time where - freshness of product will be reduced. This should be lowered.

Section WAC 314-55-085:

Item (1) - This item should be removed as this is an undue burden on SMB and the smaller shops and producers. Should only apply to large distribution houses.

Section WAC 314-55-089:

The whole section should be removed as this is a barrier to smaller mom and pops as well as it will cause an increase in the current pricing structure for medical and black market.

Section WAC 314-55-089:

Will the board provide instruction on how to measure servings?

Section WAC 314-55-505:

The appeal process needs to be spelled out here.

Section WAC 314-55-095(3):

Needs to take into consideration transactions where there is overweight for concession.

Thank you.

McCall, Karen J

From: McCall, Karen J
Sent: Friday, June 07, 2013 8:27 AM
To: 'Aimée Warner'
Subject: RE: Comments from Cannabis Basics

Aimee,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: ah.cannabisbasics@gmail.com [mailto:ah.cannabisbasics@gmail.com] **On Behalf Of** Aimée Warner
Sent: Thursday, June 06, 2013 6:45 PM
To: rules
Cc: Steven Davenport; Shawn Wagenseller; Dream Cream
Subject: Comments from Cannabis Basics

I am attaching the comments made by Shawn and Bill Wagenseller. I support and agree with all points in the document except I do believe for edibles and topicals there should be a Best by date.

I have a question and concern about the use of closed loop processing. Do the rules encompass processing that is not done with solvent extracts? There is a vast and critical difference in an infusion process and an extraction process. Infusion process is a process, usually heat, although there are cold processes, where the trichomes are released from the plant matter and bind with a fat or glycerin. The whole infusion is either then consumed as is or then incorporated into other products. Glycerin used for tinctures and topicals is a natural plant matter. Butter, milk, coconut oil, olive oil, grape seed oil, all great examples of infusion, natural non-toxic, and non combustible way to make available the cannabinoids for consumption. Extraction processes use a solvent be it propane, butane or, alcohol these are combustible and potentially toxic extractions if done improperly. I would really like to see some distinctions made in regulations of these two very different practices. My concern that processors using natural and benign physical methods will be forced to extract with solvents adding risk and toxicity to their processes and final products.

I still see no clear evidence one way or another that topicals will be included in 502 stores. I will make the argument again that these products are not recreational. Cannabis Topicals are non-psychoactive and belong wherever health conscious consumers shop. If however it is decided that they will be allowed in 502 stores here is the break down of one of my most popular and strongest products. In a 4oz btl 178.6 mg of total THC, with 120.6 mg total active cannabinoids. The problem is figuring out what a serving size is. This is an individual and situational determination. There is no high or toxicity related to over consumption of a topical.

In closing from a solely topical producers perspective, I am happy to jump through about any hoop set in front of me but at the end of the day my company is still challenged with the lack of potential reasonable funding due

still to Federal threat. A Washington State funding program for serious Cannabis players would be a useful tool for companies like mine to get established in such a heavily regulated and costly system.

Thank you for your time and consideration. Please feel free to contact me if I can assist in any way.

Ah Warner
Founder & CEO
Cannabis Basics

Washington Rep
Dixie Botanicals
206-851-4367

McCall, Karen J

From: McCall, Karen J
Sent: Friday, June 07, 2013 8:26 AM
To: 'Anne DeMelle'
Subject: RE: Eliminate restriction on marijuana sales between the hours of 2am and 6am

Anne,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Anne DeMelle [<mailto:ademelle@gmail.com>]
Sent: Thursday, June 06, 2013 8:16 PM
To: rules
Subject: Eliminate restriction on marijuana sales between the hours of 2am and 6am

To the Members of the Liquor Control Board:

I oppose restricting marijuana sales between the hours of 2am and 6am. Sales should be allowed 24 hours a day, 7 days a week. Retail shops already cannot be a public nuisance under existing rules and local laws. Arbitrary and misplaced rules like this one that restrict the legal market only provide opportunities for the black market to continue to flourish, which goes against the intent of I-502.

I request the board delete this rule.

Sincerely,

Anne DeMelle
Seattle, WA 98117

McCall, Karen J

From: McCall, Karen J
Sent: Wednesday, June 05, 2013 3:59 PM
To: 'Pat Dullanty'
Subject: RE: financiers

Yes.

Karen

From: Pat Dullanty [<mailto:pdullanty@gmail.com>]
Sent: Wednesday, June 05, 2013 3:52 PM
To: McCall, Karen J
Subject: financiers

Hi do investors also have to be from Washington thankyou

McCall, Karen J

From: McCall, Karen J
Sent: Wednesday, June 05, 2013 11:59 AM
To: 'Stephanie Weldy'
Subject: RE: Marijuana Usage - Employees

Stephanie,

I don't have any language to share with you on this topic. You should check with your attorneys for their input.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Stephanie Weldy [<mailto:Stephanie.Weldy@clarkcountyfoodbank.org>]
Sent: Tuesday, June 04, 2013 3:54 PM
To: rules
Subject: Marijuana Usage - Employees

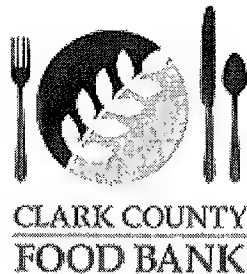
Hello,

I am updating our employee handbook and need to include something indicating that the Clark County Food Bank has a zero tolerance policy for the consumption or usage of marijuana. Do you have any appropriate language you could send my way?

My biggest question is that it currently states that an employee cannot be under the influence of alcohol/drugs. Although alcohol and marijuana are legal, THC stays in the system much longer and someone would test positive for usage even though they are not necessarily under the influence...how can we include a zero tolerance based on that?

Thanks in advance for your time.

Best,



Alleviating Hunger and its Root Causes

Stephanie Weldy
| Clark County Food Bank
stephanie.weldy@clarkcountyfoodbank.org
6502 NE 47th Ave | Vancouver, WA | 98661
360-693-0939 | clarkcountyfoodbank.org

McCall, Karen J

From: Carpenter, Mikhail
Sent: Tuesday, June 04, 2013 11:13 AM
To: Mungla, Ingrid G; McCall, Karen J; Segawa, Mary B
Subject: FW: [Media Relations] teens and alcohol and marajuana use

I have responded to this email and am now forwarding it on as public comment.

Thanks

-----Original Message-----

From: Smith, Brian E
Sent: Tuesday, June 04, 2013 8:25 AM
To: Carpenter, Mikhail
Subject: FW: [Media Relations] teens and alcohol and marajuana use

Please respond.

-----Original Message-----

From: Washington State Liquor Control Board [<mailto:roncoll@dshs.wa.gov>]
Sent: Friday, May 31, 2013 12:11 PM
To: Smith, Brian E
Subject: [Media Relations] teens and alcohol and marajuana use

Linda Ronco sent a message using the contact form at <http://liq.wa.gov/contact>.

I have 6 adopted children and they all are addicted to drugs and alcohol. With Washington State passing laws to allow hard liquor in every corner store and announcing that weed is so innocuous that it could be legalized, these young people have been given more access than ever to alcohol and justification for smoking weed by the residents of this state. A sorry place for my teens to live.

Beer runs are easier than ever because they have so many more places they can go to get hard alcohol and instead of doing the beer run they go for the hard stuff. They did a "beer run" yesterday at the local Tacoma Boys store that advertises on their electric sign board they have over 3000 varieties of just wine in stock. You can verify that with a visit there and see the wine bottle 5 foot high on every aisle of the store and filling 95% of their coolers. Since this store is just 1 block away from the neighborhood and open 24 hours, it is an easy target as is the Walgreens, Walmart, Safeway, Top Foods, Target, and the local gas station, who all have hard liquor on their shelves for the easy taking (security caps don't do anything). Then with 6 or more places to buy your legal marijuana within blocks of the house, and with Washington making it legal, why should my kids listen to me about the dangers of smoking pot even if they are underage? If the voters of this state believe, that pot does no harm physically and is not addicting, why would my children want to believe their mother even though she is a nurse as well and can show them research otherwise? Yet pot smoking has directly kept 4 of my children from graduating high school. It has compounded their depression as has alcohol. It was the first drug all 6 of them started before moving on to other drugs and drinking. One child was recently expelled from school for selling pot. He is addicted not only to pot but to the money that he makes from selling it. Visits to the ER to patch them up from drunken brawls or hydrate them after alcohol overdoses has not phased their use. Many visits to drug rehabs has not stopped the prolific use of these life destroying substances for 5 of my children. Many incarcerations in the juvenile justice system, city and county jails or state prisons have not been a deterrent either. Only one of 6 so far has found her path to sobriety and a chance to redeem her life and be drug

and alcohol free. I pray that she can maintain that choice despite being bombarded with the constant potential temptation wherever she goes.

I have talked to my kids calmly and logically, educated my kids, lectured my kids, sent them to rehabs, called the police on them, got them counseling, got us all counseling, and voted against the laws that expose my children to more temptation than they need to be exposed to. What else is there for a parent to do? Except to pray which is more than a daily occurrence.

We have sent the wrong message to our young people. Washington will pay the price eventually when there are more drunk driving accidents and people maimed. More people dying of liver failure and associated diseases, more people hospitalized or needing treatment for mental illness as a result of constant chronic weed use and more addictive personalities drawn into heavier drugs when weed stops being enough of a high for them. Washington What have you done ? And for what? Money today? What about the damaged lives? Some that will be irreparable and a loss to us as a society for what they could have contributed.

McCall, Karen J

From: McCall, Karen J
Sent: Friday, June 07, 2013 8:33 AM
To: 'Brent Gable'
Subject: RE: Recommended Modificaitons to Security Requirements for I-502

Brent,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Brent Gable [<mailto:bgable@openeye.net>]
Sent: Thursday, June 06, 2013 2:57 PM
To: rules
Subject: Recommended Modificaitons to Security Requirements for I-502

To whom it may concern:

I had met with the WSLCB on May 21st of this year to share some concern over the draft security requirements outlined in the I-502 initial draft rules, WAC 314-55-083. As a product of the meeting, I wanted to share some manufacturer agnostic standards that would dramatically improve and tighten the video surveillance and traceability sections of the draft requirements.

I would be happy to answer any specific questions or inquiries concerning the attached document, and would also be happy to meet with the board for further discussion in the near future.

Thanks in advance for your consideration,

Brent Gable
Director, Business Development

OpenEye®

OpenEye
23221 E. Knox Ave.
Liberty Lake, WA 99019
(888) 542-1103 x2501 Direct
(509) 777-6702 Fax
www.openeye.net



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not the intended recipient you may not read, copy, distribute or use this information. If you have received this communication in error, please notify the sender immediately by replying to this message and then delete it from your system.

Recommended Changes to Security Requirements for the WSLCB I-502

Overview

After review of the current security requirements outlined in the WSLCB I-502 implementation document, specifically WAC 314-55-083, there is a need for more detail and clarification to ensure that video surveillance footage is of usable quality across the multitude of licensees. The WSLCB and law enforcement will benefit greatly from having tighter video standards during any incident and/or video surveillance footage review.

Additionally, one of the most important factors to consider for video surveillance requirements is integration to third party systems such as a traceability system and Point of Sale (POS) system. This would index video evidence at every bar code scan in the inventory system as well as every sale to the public.

Recommended Video Surveillance Guideline

- Video recording hardware/software solutions
 - Network video recorder (NVR) to be used in all installations
 - All recorders must be ONVIF 2.0/Profile S or higher compliant
 - <http://www.onvif.org/>
 - Cameras to be IP addressable
 - All cameras must be ONVIF 2.0/Profile S or higher compliant
 - NVR systems must be connected to the internet and accessible to the WSLCB
 - Establish a Memorandum of Understanding (MOU) with each licensee to grant WSLCB access to view and backup video
 - This will establish a clear procedure for both parties for incident review
 - Current example from the Albuquerque Police Department currently in place under a public/private partnership
 - <http://www.smartpolicinginitiative.com/SPIsites/albuquerque-nm>
 - Most NVR systems allow for multiple permission levels
 - The WSLCB and/or law enforcement could have access to only cameras covering the areas currently outlined in the existing requirements
 - Private camera coverage could be restricted from the WSLCB
 - Access will be granted to the WSLCB for live and recorded video
 - Access will be granted to the WSLCB to backup incident based video

- Notification of video backups could be done following the video retrieval
 - NVR systems shall have automated health reporting to a cloud based and independently maintained health monitoring service
 - The health monitoring service shall automatically notify the licensee and the WSLCB of the following conditions
 - NVR failure
 - Camera failure
 - Hard disk drive failure
 - 45 day video storage retention policy not met
 - The health monitoring service shall automatically send the licensee and the WSLCB a monthly health summary report including a snapshot image from each camera to ensure ongoing image suitability and compliance
 - We would recommend that an approved reference image from the original installation be required within this report as an easy point of comparison
 - This allows for the licensee to be automatically notified if their system is not performing correctly or in working order, and ensures that video evidence will be continually available to the WSLCB and law enforcement
 - NVR systems should be limited to a small number of manufacturers
 - Each manufacturer will have a proprietary software package to view and backup video
 - The expense/labor required to maintain an unlimited number of software packages would be extremely challenging
- Video quality/recording standards
 - Video compression to be ONVIF 2.0/Profile S or higher H.264
 - Minimum 7 FPS/IPS/PPS per camera
 - Minimum 1.3MP, 720P, or 1280x1024 camera resolution
 - This will ensure standardized video quality
 - All cameras set for 24/7 continuous recording
- Video retention standards
 - The WSLCB needs to determine what their incident review time (IRT) would be
 - Under the current requirement 45 days of video would be recorded which may or may not be enough retention
 - Some leading questions to determine an accurate IRT
 - How long does it take before the WSLCB is notified of an incident requiring video evidence?
 - How does the WSLCB notify the licensee?
 - Mail
 - E-Mail
 - Phone

- How long does the licensee have to comply?
- What is the recourse for lack of video evidence?
- Having real time access to the video would streamline this process exponentially

Video Surveillance System Integration Requirements

- Video surveillance system must allow for integration to the traceability system
 - NVR system must allow for recording and indexing of bar code scans and asset tagging data entry
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 - NVR software package will allow for automated reports via email to the WSLCB
- Video surveillance system must allow for Point of Sale (POS) integration
 - NVR system must allow for recording and indexing of all POS transactions to the general public
 - Data retention will match video retention
 - NVR system must provide a data search for individual POS transactions and POS exception codes
 - A video link would be provided based on individual entries
 - NVR system must provide a text overlay on the recorded video showing POS transaction information with matching time index
 - NVR system shall provide a tool for tracking key performance indicators based on transaction data across multiple cashiers and locations for the purpose of detecting fraud and or unintentional operational errors.
 - NVR software package will allow for automated reports via email to the WSLCB

In closing I would be happy to address any questions, explanations, or clarification for the above content in person or by phone.

Thank you for your consideration

Brent Gable

Director, Business Development



OpenEye

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Liberty Lake, WA 99019

(888) 542-1103 x2501 Direct

(509) 777-6702 Fax

www.openeye.net

McCall, Karen J

From: McCall, Karen J
Sent: Friday, June 07, 2013 12:52 PM
To: 'Vicki Christophersen'
Subject: RE: SCG 206, LP Comments

Vicki,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Vicki Christophersen [<mailto:vicki.christophersen@gmail.com>]
Sent: Friday, June 07, 2013 9:30 AM
To: rules; Marcus Charles
Subject: SCG 206, LP Comments

Attached please find the comments of SCG 206, LP on the draft rules for implementation of Initiative 502. Please let me know if you have any questions.

Thank you,

Vicki

--

Vicki Christophersen
PO Box 9157
Seattle, WA 98109
360.485.2026

This email and any files transmitted with it are confidential and intended solely for the use of the individual or entity to whom they are addressed. If you have received this email in error, please notify the system manager. This message contains confidential information and is intended only for the individual named. If you are not the named addressee, you should not disseminate, distribute or copy this email. Please notify the sender immediately by email if you have received this email by mistake and delete this email from your system. If you are not the intended recipient, you are notified that disclosing, copying, distributing or taking any action in reliance on the contents of this information is strictly prohibited.

SCG 206, LP
2234 1st AVE
Seattle, Washington 98121

June 6, 2013

To: WSLCB
From: Marcus Charles

RE: Draft Rules

Thank you for the opportunity to comment on the recently released draft rules.

We are excited for the potential opportunity that this entire social experiment is affording our state, as well as possibly our entire country. The national consciousness is watching us and how we move this industry forward.

Unfortunately, we also have some serious concern that the draft rules, in their current form, appear to overlook. Further requirements should be adopted to create an environment where reputable participants are able to enter (a soon to be legal) cannabis marketplace that effectively (and currently) operates outside of any serious regulation or taxing authority in the form of Medical Marijuana (MMJ).

In our personal opinion, the vast majority of the current "MMJ Enterprise Participants" operate outside of current Washington MMJ laws and regulations.

As you are probably aware, our current law limits any community garden to 45 plants and every access point must have its own designated exclusive community garden from which its supply is sourced. As you have seen firsthand, those two core principals are not being followed by the vast majority of MMJ establishment's whether they are producing or retailing.

If these types of participants are allowed to enter this new legal market place, they will likely skirt any new regulations in order to maximize profit at the cost of public safety and to avoid paying taxes, in the same matter that they currently ignore existing laws on community gardens.

Ultimately, our concerns center around three main points:

1. Because there is a current MMJ market that operates with such little regulation or tax obligation, there must be a rule that **'Recreational Cannabis' cannot be produced either in the same physical location as MMJ or by any true parties of interest currently involved in MMJ production, processing or retailing in Washington State.**

Interested parties must choose which set of regulations and by which set of laws that they intend to operate under and be true to them in both spirit and letter for their entire commercial enterprise. It is a simple choice MMJ or Recreational Cannabis.

This is needed to ensure that participants do not “game the system” to the detriment of the entire regulated recreational cannabis market and subsequent tax collection for the State.

2. If ‘true parties of interest’ and ‘employees’ must be residents of the State of Washington, so should ‘financiers’. Without this provision, the integrity of financiers will be difficult to determine, even with background checks.

And, most importantly, this difference alone could be the catalyst for a Federal challenge as out of state capital will in fact make the Interstate Commerce Clause of the Federal Government a forefront issue.

3. We are free market capitalists. Any licensable participants willing to operate according to the recreational rules (and also willing to ensure that proper taxes are collected and remitted) should be allowed to participate in this new industry.

Unlike other mature industries that are highly taxed and highly regulated, this industry is in its infancy. Normal practices, yet alone best practices, have not yet been incorporated into the industry as a whole. One participant’s version of tracking and security will be highly different from another’s. And, could in fact be set up intentionally to throw off enforcement audit ability.

So, as function of establishing this new industry, we believe that the WLSCB has a duty to set a robust minimum standard for tracking and security. We would like to point you to the comments of both Tom Leaptrott and Brent Gable included hereafter in both Appendix A & B.

We are not advocating the use of any specific propriety software or hardware, just the most appropriate set up possible to ensure public safety and tax collection.

Again, we appreciate the opportunity to comment. We look forward to working with you to develop rules that will ensure a robust yet reputable market for recreational cannabis.

Thank you for your time,

Marcus Charles
SCG 206, LLC

Appendix A

Executive Summary

Thank you for allowing Quantum Leap Packaging to submit suggestions for the modifications of rules for WAC 314-55 related to the licensing, processing, and packaging of marijuana. We would also like to thank you for taking the time for allowing us to present our power point presentation last month. We hope we gave the commission plenty of possibilities to think about regarding the packaging and tracing of packages through the system.

After reviewing the document we have proposed language we believe would make the program better, give a greater degree of control, and provide the end consumer some degree of confidence that the packages they buy are from a licensed grower regulated by the State of Washington. The concept of our proposal will allow the State to track and trace every step of the process to assure compliance and revenue collection. This will also provide the proper controls to help satisfy potential concerns by the federal authorities and provide a strong deterrent to criminal elements that might otherwise take advantage of a weaker system not capable of authenticating the packaging and process at each step. Control of the packages by a solid track and trace system that has some level of sophistication is critical to avoid counterfeit product entering the product stream and keeping the stakeholders confident that this program is viable in the long term and the State collects the type of revenue they have forecasted. The rules only note that the package needs to be traced from the seed to the product. No other criteria are mentioned. This leaves multiple interpretations of what is really needed and we try to clarify the requirements.

The track and trace recommendations are probably the most dynamic and will have a huge impact on the success of implementation. We strongly suggest the commission to review these proposed changes. They are designed to make sure the state has a firm level of control, have a high degree of confidence that counterfeit product from in and out of state growers does not make it into the marketplace, and provide the revenue tax enforcement group a level of collection techniques needed for this huge retail business segment. Many of these changes follow the same type of logic that exists from the cigarette tax stamp system while adding new tracing and tamper resistant technologies. The track and trace system we are proposing is a proven technology that can be customized for the State.

We also added specifications to the type of packaging needed taking into account product quality (freshness), shelf life, tamper resistance, and functionality. The minimum thickness helps with quality but also makes it more difficult for children to open packaging and gain access. The rule related to having an open window allows consumers to see what they are actually buying making it more

difficult for other materials to be in the package. These rules will allow retailers to decide whether they want packages that are smell proof or that admit odor for product selection depending on the type of materials and thickness of the package. Also mentioned in the changes, is the appropriateness of the advertising being monitored and defined by the WSLCB.

All products should be heat sealed and not allowed to be opened within a retail outlet. It is critical that once a package leaves a processor no other foreign materials can be added, the sealed packaging ensures this is the case. This packaging also provides confidence that the material tested from the growers will be the same as the product purchased at the retail location. It is impossible to reseal a retail product once it has been opened without showing signs of tampering.

Based upon our experience in packaging and track and trace systems we feel these proposed changes are a must. If you would like to meet with our team further to explain the recommendations or ask questions feel free to contact Jessica Bork.

Sincerely

Tom Leaptrott
President
Quantum Leap Packaging

Suggested Changes:

Page 15: (4) Traceability: To prevent diversion and to promote public safety, marijuana licenses must track marijuana from seed to sale. Licensees must provide the required information on a system specified in WAC 314-55-105.

Page 23 WAC 314-55-105

(2) Any container or packaging containing usable marijuana or marijuana products must protect the product from contamination and must not impart any toxic or deleterious substance to the usable marijuana or marijuana product. In order to accomplish this, the packaging must be tamper resistant and have the following requirements:

- (a) Lamination (moisture barrier);
- (b) Caliber of material not less than 3 mils;
- (c) Package is heat sealed and reclosable;
- (d) Minimal tensile in Machine Direction and Cross Direction of at least 20 lbs. at break;
- (e) Must have a clear window enabling the customer to view the product from the retailer;
- (f) Packaging from the grower and processor levels should also have the open window feature so as to prevent any other materials entering the package;

(g) Meet all the labeling requirements specified by the State.

(3) Retail customers must have the ability to access the name of the accredited third party testing lab and results of the required quality assurance test for any useable marijuana or other marijuana product the customer is considering purchasing.

This information must be available to the following:

The Consumer, The Retailer, The Processor, The Producer, and the State Reporting Officials. This can only be accomplished with a system that has 3 distinct features.

(a) A Secure marking on the product packaging. This authentication marker, using covert technology, that once read unlocks encrypted information to the app user. The secure codes will hold all the information required in the document. The secure mark can only be unlocked and read with a State Owned/Sponsored Smart Phone Application (funded as part of the track and trace revenue collection system);

(b) The Smart Phone Application will have four distinct apps for the groups described above and each app will display appropriate information for that group.

Consumer, sees only information he/she needs to establish authentic product, and history.

Retailer, sees only information relevant to him.

Processor, sees only information relevant to him, but he is also responsible for affixing the proper marks to the proper product packaged to be sold to the retailer.

Producer, sees only information relevant to him, but his is also responsible for affixing the proper marks to the proper bulk package out to the processor or direct to the retailer.

The State Reporting Officials will see all information required;

(c) A Secure Portal will be made available for the State Reporting Officials, and whomever they deem necessary. The portal will allow the state to manage, edit, encode, or delete the secure mark codes. Manage personnel activity and access to the system. Allow state to see real time activity through the supply chain.

This ensures that the information is accurate and current, and the product is authentic.

The mark (a secure anti-copy unique I.D.) on the product packaging must be covert technology, meaning it cannot be duplicated, copied or scanned, and is only good for the specific lot of marijuana in question.

(4) Useable marijuana and marijuana products may not be labeled as organic unless certified as organic by the Washington State Department of agriculture. This certification can be independently verified by a consumer via a secure anti-copy unique I.D.

(5) The accredited third party testing lab and required results of the quality assurance test must be included with each lot and disclosed to the customer buying the lot. This certification can be independently verified by a consumer via a secure anti-copy unique I.D. barcode.

(6) A producer must disclose in writing all pesticides, herbicides, and fungicides or other compounds used for pest control or plant disease while producing any marijuana plant in the lot. This certification can be independently verified by a consumer via a secure anti-copy unique I.D. barcode.

ADD point (13) at end or as (7) and shift other points: the secure mark must be incorporated into the packaging in a way that ensures the secure mark is non-transferrable to another package. The secure mark must not have the ability to be reproduced or copied in any way to ensure that the information associated with the secure mark is unique to the marijuana or marijuana product in the package.

ADD point (9) (i) Information in (9)(a)-(d) and (g) can be independently verified by a consumer via a secure anti-copy unique I.D. mark.

ADD point (9)(j) Any branding or optional graphics must be deemed appropriate and defined by the WSLCB.

ADD point (11) (n) Information in (11)(a)-(h) and (j) can be independently verified by a consumer via a secure anti-copy unique I.D. mark

Appendix B

Recommended Changes to Security Requirements for the WSLCB I-502

Overview

After review of the current security requirements outlined in the WSLCB I-502 implementation document, specifically WAC 314-55-083, there is a need for more detail and clarification to ensure that video surveillance footage is of usable quality across the multitude of licensees. The WSLCB and law enforcement will benefit greatly from having tighter video standards during any incident and/or video surveillance footage review.

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 - Most NVR systems allow for multiple permission levels

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In closing I would be happy to address any questions, explanations, or clarification for the above content in person or by phone.

Thank you for your consideration

Brent Gable

Director, Business Development

OpenEye[®]

McCall, Karen J

From: McCall, Karen J
Sent: Friday, June 07, 2013 12:46 PM
To: 'Candice Bock'
Subject: RE: AWC comments on draft rules for 502

Candice,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

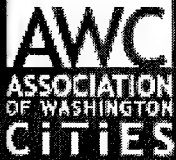
Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Candice Bock [<mailto:candiceb@awcnet.org>]
Sent: Friday, June 07, 2013 9:53 AM
To: rules
Subject: AWC comments on draft rules for 502

Thank you for the opportunity to comment on the draft proposed rules. Please find our comments attached.

Candice Bock
Government Relations Advocate
Association of Washington Cities
1076 Franklin Street S.E. Olympia, WA 98501-1346
(360) 753-4137 (office)
(800) 562-8981 (toll free)
candiceb@awcnet.org

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June 4, 2013

Board of Directors
Liquor Control Board
PO Box 43080
Olympia, WA 98504

RE: DRAFT WAC 314-55 Marijuana Licenses, Application Process, Requirements and Reporting

Dear Liquor Control Board Members;

I am writing on behalf of our 281 member cities with comments on the proposed draft rules regarding implementation of legalization of marijuana under Initiative 502. As you are aware, the conflict between state law and federal law in this area causes a great deal of concern for cities in how best to address the implementation of I-502. Cities, like many others, anxiously await further guidance from the federal government. We appreciate the LCB's willingness to reach out to cities and work with AWC to educate our members about this process and the potential implications of legalization.

To gain a better understanding of the issues that cities are facing and what types of questions they have about marijuana legalization, AWC conducted a survey of our members. The results are attached and I encourage you to review them as they provide valuable insights and draw attention to those areas that cities struggle with in addressing marijuana regulations.

AWC has heard a variety of specific comments from cities on the proposed rules that we want to share with the Board and ask that you address in subsequent versions of the rules. The most important issue that must be addressed in the new rules is adding a clear requirement that all applicants and licensee must comply with all applicable local laws and regulations including but not limited to those related to licensing, taxation, health and safety, zoning and land use, environmental regulations, and permitting. Failure to comply with local laws and regulations should clearly disqualify anyone from receiving a state license or be grounds for revocation or denial of license renewal. This clarification is absolutely necessary to insure that licensee are accountable not just to the state, but to the local jurisdiction and there is no excuse for flouting local laws and regulations.

In addition, we have the following recommendations:

- WAC 314-55-010 Definitions: The definitions of "playground" and "public park" are not sufficient to address the myriad of typical public facilities. The definitions do not currently include other public owners such as park districts or non-profit organizations that may own parks/play grounds open to the public like Rotary and Kiwanis Clubs. They also do not include privately owned parks that maybe owned by a Homeowners Association and be available to the public. Additionally, the child care center definition should be more specific and tied to an existing definition like that in RCW 43.215 for consistency and clarity. The same is true for the definition of secondary school where there are a number of different options it may provide greater clarity to reference an existing definition.
- WAC 314-55-020 (1): As cities have no authority to approve a license, we would recommend clarifying that the local authority may respond with any objections to the application. WAC 314-55-020 (11): This section should also include the requirement to be current on any local tax obligations.

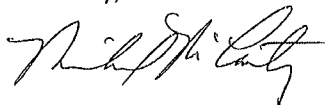
June 4, 2013

- WAC 314-55-040: The rules should be clear that criminal history includes both in-state as well as out-of state convictions. The points accumulation for failure to disclose criminal history should be at the very least increased and the LCB should consider making such a failure an automatic disqualification for a license applicant.
- WAC 314-55-045 (11): To insure compliance with the 1,000 feet restriction, the applicant should be required to provide a map stamped by a licensed surveyor identifying any restricted facilities and certifying compliance with the rule. Additionally, the LCB should develop a procedure for addressing the circumstances when a restricted use like a child care center locates within the 1,000 feet radius after the license has been issued.
- WAC 314-55-050: The local jurisdiction should be notified any time a license is denied, suspended or revoked.
- WAC 314-55-081 Number of retail licenses: The rule references the number of licenses permitted, but has not yet identified how that number will be determined. Cities need to better understand how that number will be developed and how the distribution will be implemented. We would like to be included in the discussions as the LCB develops that process.
- 314-55-147 – The hours of operation from 6am to 2am seem to be modeled after liquor retailers, but since these will be stand-alone stores with no onsite consumption it seems unnecessary to have lengthy hours. We strongly encourage consideration of local input into hours of operation.
- WAC 314-55-155 Advertising: In addition to the proposed restrictions, any advertising must also be subject to the applicable local signage ordinances.
- WAC 314-55-165 (1)(f): This sections says that objections by the public to a license renewal will be referred to the local jurisdiction for consideration. However, we strongly believe that as the licensing authority it is the LCB's responsibility to investigate and respond to objections raised by the public about any licensee. Any other approach would be an attempt to transfer this responsibility to the local jurisdiction which lacks any direct authority over the licensee.
- WAC 314-55-520 – 535 violations and penalties: Given the sensitivity of the marijuana market, we are concerned that there are number of violations for which the penalty does not accrue to the point of license revocation. Of particular concern are those violations having to do with minors on the premises or employed at the business. Given the strong desire to keep this drug away from minors, it would seem appropriate to have an escalating penalty resulting in revocation for those violations. Additionally, the penalty for a licensee or employee consuming on the premises should also result in license revocation after repeated violations similar to liquor license requirements.

We continue to be concerned about the local impacts implementation of legalized marijuana will have on cities particularly in the area of law enforcement. Cities agree with the assessment that the legal market will only work if there are adequate controls in place and effective enforcement against the black market. To that end, we believe that there will be a need for financial resources provided to the local jurisdictions to help with that enforcement. We hope to work with the Board and the Legislature to secure that financial support.

AWC values the opportunity to provide comments on the proposed rules. If you have any questions about these comments, please feel free to contact Candice Bock (candiceb@awcnet.org) in our office. We look forward to continuing to work together on this issue. Again, we appreciate the Board's willingness to engage cities in the discussion and implementation of these rules. An issue this complex requires strong partnerships and we are committed to partnering with the Board moving forward.

Sincerely,



Mike McCarty
CEO

Attachment: Cities' survey responses

McCall, Karen J

From: McCall, Karen J
Sent: Friday, June 07, 2013 8:23 AM
To: 'Komoto, Kim'
Subject: RE: City of Kent Comments on Initiative 502 Initial Draft Jules

Kim,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Komoto, Kim [<mailto:KKomoto@kentwa.gov>]
Sent: Thursday, June 06, 2013 5:12 PM
To: rules
Cc: Pat Mason (pmason@mrsc.org); candiceb@awcnet.org; Galazin, David; Fitzpatrick, Pat
Subject: City of Kent Comments on Initiative 502 Initial Draft Jules

To whom it may concern:

Attached you will find comments from the city of Kent on the Initiative 502 Initial Draft Rules.

Thanks,

Kim Komoto, *Legal Analyst*

Assistant to Arthur "Pat" Fitzpatrick, Acting City Attorney

Assistant to David A. Galazin, Assistant City Attorney

Public Safety Committee Secretary

Law Department

220 Fourth Avenue South, Kent, WA 98032

Phone **253-856-5788** | Fax **253-856-6770**

kkomoto@KentWA.gov

www.KentWA.gov



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CIVIL DIVISION
Arthur "Pat" Fitzpatrick
Acting City Attorney
220 4th Avenue South
Kent, WA 98032
Fax: 253-856-6770

PHONE: 253-856-5770

June 6, 2013

Via email rules@liq.wa.gov

Sharon Foster, Board Chair
Washington State Liquor Control Board
c/o Rules Coordinator
Liquor Control Board
P.O. Box 43080
Olympia, WA 98504-3080

Dear Chair Foster:

Thank you for the opportunity to comment on the initial draft of the administrative rules (Rules) that the Washington State Liquor Control Board (Board) will adopt in order to implement I-502, now codified in Chapter 69.50 and portions of Title 46 RCW. The City of Kent (City) requests that the Board incorporate one of the following options into the Rules in order to clarify the relationship between the Board's regulatory authority and a municipality's general police powers to regulate business activity and provide for appropriate zones regulating the use of land within corporate borders. A further explanation of the need for such clarification will follow below. The City further recommends revising the proposed definition of "public park."

CLARIFICATION OF MUNICIPAL RESPONSIBILITIES:

OPTION 1: Demonstrated compliance with local land use codes

- In order to ensure that a licensee's proposed activity complies with local codes and land use designations, the Board shall not issue a license to a person or entity unless the Board has verified that the type of business to be conducted by the licensee is authorized in the zoning district in which the business is located, and that the premises are in compliance with local building and use codes.
- In the alternative, the Board shall require that a person or entity applying for a license first demonstrate that the proposed use complies with local codes and zoning, and that the license shall be suspended or canceled if the licensee is cited by the local authority for a zoning or building code violation at the licensed location.
 - For example, the Gambling Commission has adopted WAC 230-03-030 as part of its licensing scheme:

Applicants must prove that they have the required applicable business licenses, permits, health certificates, fire inspections, and use and occupancy permits required by local authorities before being considered for a gambling license.

OPTION 2: Greater weight to objections based on incompatibility with surrounding land uses

- In addition to due consideration given by the Board to general input from governmental jurisdictions in which the licensed premise is to be located, the Board shall give substantial weight to objections based on the incompatibility of the licensed activity with uses authorized by the local legislative authority within the applicable zoning district.

OPTION 3: Clarification that a license does not confer power to circumvent local regulations generally applicable to all business activity

- The issuance or approval of a license shall not be construed as a license for, or an approval of, any violation of local rules or ordinances, including, but not limited to: building and fire codes, zoning ordinances, and business licensing requirements.

ANALYSIS:

Pursuant to Article XI, Section 11 of the Washington State Constitution, local police power, such as the authority to adopt and regulate zoning districts, rests with cities unless that power is specifically curtailed by the state legislature. I-502 contains no such restriction, but rather seeks to regulate the production, processing and retail sale of marijuana in much the same way that the State currently regulates the production, processing and retail sale of liquor. It is evident that the holder of a valid liquor license, while regulated by the Board, must still locate within an allowable zoning district and be subject to local business licensing rules. It should be evident that the holder of a marijuana license must do the same. It would be absurd to conclude that I-502 permits the establishment of a retail marijuana store in the middle of a residential neighborhood when no other retail store would be allowed in the same location, for example.

The experience of cities and counties in California with that state's Compassionate Use Act of 1996 (CUA) and Medical Marijuana Program Act (MMPA), however, underscores the need for clarity when it comes to local regulation of activity that takes place under the umbrella of I-502. While the California Supreme Court recently held that local zoning authority was not taken away by the CUA and MMPA (*City of Riverside v. Inland Empire*, 56 Cal. 4th 729 (May 6, 2013)), thus concluding an issue that had been litigated in dozens of cases, much of the argument in all the cases revolved around the question of whether exemption from certain penalties meant that cities were unable to regulate dispensaries through zoning because violation of zoning ordinances itself carries a penalty.

After the enactment of the MMPA, Section 11362.775 of the California Health and Safety Code provided: "Qualified patients, persons with valid identification cards, and the designated primary caregivers of qualified patients and persons with identification cards, who associate within the State of California in order collectively or cooperatively to cultivate marijuana for medical purposes, *shall not solely on the basis of that fact be subject to state criminal sanctions under Section 11357, 11358, 11359, 11360, 11366, 11366.5, or 11570.*" (emphasis added). Because Section 11570 only provides for a civil penalty, litigants often argued either that the State had intended to preempt all regulation of dispensaries, or that imposition of a civil penalty by a city for a zoning violation was impermissible under the MMPA. While only a minority of opinions upheld this argument (*see, e.g., City of Lake Forest v. Evergreen Holistic*, 203 Cal. App. 4th 1413 (2012)), and *Inland Empire* has temporarily closed that door in California, there is no precedent in Washington to prevent similar arguments from being made in cities across the state.

RCW 69.50.325 states, in three separate places:

"The production, possession, delivery, distribution, and sale of marijuana in accordance with the provisions of chapter 3, Laws of 2013 and the rules adopted to implement and enforce it, by a validly licensed marijuana producer, shall not be a criminal or civil offense under Washington state law."

Similar language can be found in sections 69.50.354, .360, .363 and .366. Other sections of RCW 69.50 have been amended to provide that activity undertaken in compliance with the new licensing requirements shall not be a violation of state law as well.

While I-502 contains no explicit revocation of local zoning authority or other municipal police powers, the City is all too aware that perceived ambiguity could lead to unnecessary challenges and confusion. No city wants production and processing facilities or retail stores of any kind in areas in which the city has determined such uses are inappropriate, just as no city permits the maintenance of defective construction or fire hazards. I-502 established a framework within which the Board could regulate certain marijuana-related activities through a licensing scheme, but the Rules should clearly reflect the fact that the holder of a marijuana license must comply with local ordinances in the same manner as any other business must.

The City is not suggesting that municipalities be given any control over the licensing process, but rather that the Board explicitly recognize the role of local governments when they regulate any business activity that is licensed by the State. The Board could choose to make compliance with local law one of the prerequisites for obtaining a license, as the State Gambling Commission did when it adopted WAC 230-03-030 to clarify the role of local governments as it pertains to an activity over which the state generally has sole regulatory authority. In the alternative, the Board might ensure that objections from cities in the licensing process are given more weight when based on legislatively-enacted planning principles, or simply articulate that the granting of a

license does not endow the licensee with special privileges that do not belong to any other kind of business. Should the Board choose to remain silent on this matter, there is the very real risk that local governments and licensees will be forced into needless litigation in order to achieve resolution. The City requests that the Board exercise its authority pursuant to RCW 69.50.342 and incorporate one of the three options noted above into the Rules.

DEFINING "PUBLIC PARK":

RCW 69.50.331(8) states:

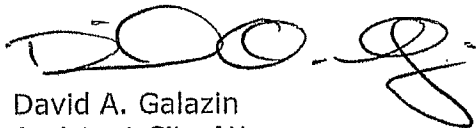
(8) The state liquor control board shall not issue a license for any premises within one thousand feet of the perimeter of the grounds of any elementary or secondary school, playground, recreation center or facility, child care center, public park, public transit center, or library, or any game arcade admission to which is not restricted to persons aged twenty-one years or older. (emphasis added).

The Rules, however, contain the following proposed definition in WAC 314-55-010(12):

(12) "Public park" means an area of land for the enjoyment of the public, having facilities for rest and recreation (such as a baseball diamond or basketball court), owned and managed by a city, county, state, or federal government. (emphasis added).

This definition should be amended to read as "rest or recreation" to ensure that there is no confusion about the requirement that no license be issued for premises within one thousand feet of all public parks, as there are many parks that may be passively enjoyed by children, yet are devoid of traditional "recreation" facilities. In addition, because "recreation center or facility" is already listed as a separate term in the Rules, the inclusion of the parenthetical qualifier in the definition of public park seems superfluous and unnecessarily limiting. The City requests that the Board revise the definition of "public park" accordingly.

Sincerely,



David A. Galazin
Assistant City Attorney
City of Kent

cc: Candice Bock, Association of Washington Cities
Pat Mason, Municipal Research Services Center of Washington

McCall, Karen J

From: McCall, Karen J
Sent: Wednesday, June 05, 2013 11:57 AM
To: 'dneal88393@comcast.net'
Subject: RE: I502 Rules questions and concern

Dean,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation. I have answered your questions below.

1. The State of Washington has not come up with a banking system.
2. The warnings can be listed on an attachment, it doesn't need to be listed on the package itself.
3. The taxes were written into the initiative. A legislative change is required to change the excise taxes.
4. Thank you for the information on plant waste.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: dneal88393@comcast.net [mailto:dneal88393@comcast.net]
Sent: Tuesday, June 04, 2013 5:58 PM
To: rules
Subject: I502 Rules questions and concern

Hi Ms. McCall,

- 1) Banking, has Washington State came up with a banking system? We can not supply bank records without banks.
- 2) I looked at the labeling needed for alcohol and it does not seem to need as much warnings, keeping to that standard might be less confusing. What I mean is it's better to concentrate on the directions and usage, because there will be a lot less surface area. Less packaging is good so unless we use 2 pt font, it will be hard to get everything on the label. Retailing a gram of Cannabis, hash, or oil/wax will not have much surface, as I said, so if we standardize all the labeling it just will not work. An infused eatable like olive oil, butter, sodas, muffins, etc. is another thing, we can label that all day. Lets just not forget the smaller packages and might want to leave exceptions to the rule.
- 3) The taxes I believe are going to be an issue and keeping the price close to the medical market, what if the state gets tax 20% X 3 = customer price, and also keep the producer/processor companies at tax 25% X 2 = customer price.??

4) The producers should not have any waste for all unusable water leaves, stems, etc. because there will be by-products like paper fiber, fuel. I would just compost everything else and use that for worm castings nutrients for future crops.

I'm sure you have a lot of other suggestions so I will say good-bye.

Dean Neal
31st District, Pierce County, Washington

McCall, Karen J

From: McCall, Karen J
Sent: Wednesday, June 05, 2013 12:07 PM
To: 'gmfm5'
Subject: RE: I 502 Draft Rules

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: gmfm5 [<mailto:gmfm5@aol.com>]
Sent: Tuesday, June 04, 2013 2:19 PM
To: rules
Subject: I 502 Draft Rules

I am writing to you regarding a draft rule you have put forth. Under WAC 314-55-083 paragraph 3 e Quarantine for removal and transport of all marijuana products must be 72 hours. I feel that is an over extensive time period and is unnecessary. 36 hours is more than reasonable. It is more than ample time for the State Law.

McCall, Karen J

From: McCall, Karen J
Sent: Wednesday, June 05, 2013 12:07 PM
To: 'John Chaisson'
Subject: RE: I - 502 questions

John,

I have answered your questions below.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: John Chaisson [<mailto:john@modernmosaictile.com>]
Sent: Tuesday, June 04, 2013 3:26 PM
To: rules
Subject: I - 502 questions
Importance: High

Hi WASLCB,
I have some questions in order to plan better. Can you please answer them? thanks

Will WALCB provide the template to produce the operating plan? Yes.

Will WALCB give the exact requirements needed such as the topic security or traceability? Yes.

Do the zoning requirements apply to ALL different types of licenses? I am interested in producer/processor NOT retail. You will need to check with your local government. They will be making decisions on zoning and what is allowed, not the Liquor Control Board.

Do we need a signed lease to show place of business so that we can submit the proposed floor plan, etc The lease doesn't need to be signed, but you must have a location address to apply for any marijuana license. It would be wise to make the lease contingent upon receiving a marijuana license.

When does the 30 day window to accept applications start? OR Anticipated month/year? It is anticipated to start September 1, 2013.

I have heard something about accepting applications this Sept, is that true? Yes.

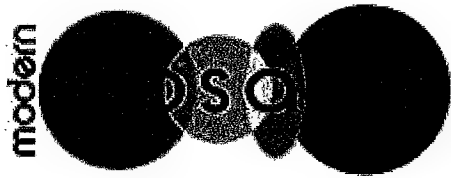
What do you need for residency requirement? Proof that you are a resident of the State of Washington – copy of lease, driver's license, etc.

Do you need articles of incorporation when applying? If you are applying as a corporation you would need a copy of your articles. Remember that all officers, all stockholders, and spouses must be Washington residents and pass the criminal background check.

Thank you!

Best Regards, John

760.322.4481 – show room
866.902.0435 – fax



320 north palm canyon
palm springs | ca | 92262

McCall, Karen J

From: McCall, Karen J
Sent: Wednesday, June 05, 2013 1:19 PM
To: 'Jane Cook'
Subject: RE: Questions about I-502

Jane,

A person could only apply once for a specific location address. The database will have all location addresses for applications as they are filed. The system will not accept more than one application for an address.

A non-permanent structure will not be allowed.

Karen

From: Jane Cook [mailto:janes@pacifier.com]
Sent: Tuesday, June 04, 2013 11:12 AM
To: McCall, Karen J
Subject: RE: Questions about I-502

Thanks Karen,

I have a couple more questions. I understand that at this point the number of retail licenses that will be available has not been determined. And, not knowing how many applicants there will be, and the possibility that the volume of applications will force some sort of drawing to consider which applications will be reviewed – what prevents an applicant from making several applications for a single location for the purpose of improving the odds of being selected? Could an applicant submit several applications for one location? What provisions (if any) will be in place to prevent a scenario like this?

A second question is about physical location of retail establishments. Would a non-permanent structure such as a portable/modular building satisfy the requirements?

Thanks in advance for your response. I image you are being bombarded by questions and comments. I think the WSLCB is doing a great job of working to create a new industry in Washington

Jane

From: McCall, Karen J [mailto:KJM@LIQ.WA.GOV]
Sent: Tuesday, May 28, 2013 1:19 PM
To: Jane Cook
Subject: RE: Questions about I-502

Jane,

I have answered your questions below.

Karen McCall
Rules Coordinator
WSLCB

From: Jane Cook [<mailto:janes@pacifier.com>]
Sent: Wednesday, May 22, 2013 1:33 PM
To: rules
Subject: Questions about I-502

Hello,

I understand that comments are being sought for the draft rules to implement I-502. I have a couple of questions about the retail license application process that you may, or may not be able to answer at this point. Any insights you can provide are appreciated

- What will be the process for applying for multiple retail licenses within a county? There will need to be a separate application for each location. The way the draft rules read imply that it will be a single application, for each location, is that correct? Yes. Each application must have a separate location address. Is there an option to apply for more than one, other than multiple applications? No.

I'm confused by these passages under **New Section. WAC 314-55-081 Who can apply for a marijuana retailer license?**

- 3) If more candidates submit interest in applying than the number permitted licensed locations, a random drawing will be conducted to determine those entities eligible to apply for a license.
- 4) All interested parties found eligible to apply for a marijuana retail license will be notified by the board and said entities must submit their completed application prior to the published closing date for license applications.
- Am I understanding that once the number of retailer licenses is announced and the application process opens, if there is more applicants than licenses, the applications will be randomly chosen to be considered. And if someone's application is not randomly drawn then they are effectively out of consideration? Yes. Do I understand it correctly that qualifications will only be considered for those that are randomly drawn? Yes.
 - What type of verification do you need from a landlord that will suffice as notice the landlord is aware of use. A lease, agreement to lease, something else? A statement signed by the landlord that they are aware the property will be used for a marijuana business. Because the license hinges on a lottery process, it is difficult to execute a lease not knowing if a license will be issued. Alternately, an agreement to lease contingent on receiving a license is more practical. You are correct – a lease contingent on receiving a license is the only way to go.

All the best –

Jane Cook

| (360) 606-3039 mobile
Dancing with the Local Stars on Facebook

janes@pacifier.com



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McCall, Karen J

From: McCall, Karen J
Sent: Wednesday, June 05, 2013 1:22 PM
To: 'Neal Rammell'
Subject: RE: applications

Neal,

Applicants for a marijuana license will complete a Master Application. It will be available online or it can be mailed to the Department of Revenue. You will need a master business license which you can apply for on the same application. You will also need to check with your local jurisdiction because you will need a license from them as well.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Neal Rammell [<mailto:scnw@comcast.net>]
Sent: Monday, June 03, 2013 8:10 PM
To: rules
Subject: applications

How will the application process work? Will there be a form will be provided? Where will the applications be dropped off? Or is it going to be electronic filing. Do we need a separate business license or will this license serve as a business license? Thanks you

Neal Rammell
253-307-1467
scnw@comcast.net

McCall, Karen J

From: McCall, Karen J
Sent: Wednesday, June 05, 2013 2:00 PM
To: 'Radler Coolidge'
Subject: RE: WAC 314-55 questions

Radler,

I have answered your questions below.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Radler Coolidge [mailto:radlercoolidge@gmail.com]
Sent: Thursday, May 30, 2013 4:25 PM
To: rules
Subject: WAC 314-55 questions

Hello,

I have a few questions and comments regarding the draft rules for WAC 314-55.

- 1) Can multiple license holders operate in the same facility? Only if the facility is divided and walled off so each licensee has their own space. There can be no access between the spaces.
- 2) What category would I select when applying for my LLC state business license if I intend to apply for a combo producer/processor license? Marijuana Producer and Marijuana Processor.
- 3) Can an applicant who is currently a medical marijuana patient produce under the states medical marijuana guidelines in the facility that they intend to use for production until a state license is issued? Yes but once the license is issued all medical marijuana product must be removed from the premises.
- 4) I intend to apply for the combination producer and processing license with my initial focus being production. I would like to expand my opportunities into processing in the future. Are there any minimum business/volume requirements per year that need to be met in order to maintain the combo license? Can I be issued and renew a combo license if I don't intend to do any processing for at least three years? As a producer you would grow the product and as a processor you would package the product and/or make edibles.
- 5) With regards to producing useable marijuana, I intend to produce a lot in which I will be able to maintain by myself from seed to harvest. After harvesting there is a short amount of time (2-3 days) in which the buds will need to be trimmed or manicured. I estimate that in order to get this job done in this amount of time I will need 20-30 people for the previously mentioned 2-3 (standard 8 hour) days. Can I hire or sub-contract people that hold their own business licenses (not in relation to WAC 314-55, just regular state issued business licenses) for these few days that will occur every 3 months? If not, and I have to hire them for this time, will they be eligible for unemployment benefits while they're laid off? You will need to check with employment security to find out if employees would be available for unemployment benefits.

6) Per: WAC 314-55-089

-(1d). How many licenses can an entity hold? There is no limit on the number of licenses an entity can hold. If an entity holds a retail license they are prohibited from holding a producer or processor license.

7) Per: WAC 314-55-097

-(1) What are the state and local statutes and regulations? Where can they be found? Department of Ecology and Health for state regulations and the city or county of where your business will be located for local regulations..

-(2) What are the Departments of Ecology and Health codes and ordinances? Where can they be found?

8) Per: WAC 314-55-075

-(1) Why does this not include the wholesale of marijuana to retail licensees? The initiative only allows a producer to sell to another producer or to a processor. A legislative change is required to allow producers to sell to retailers.

9) Do producers have to package the final product for retail in individual packages of specific volume, or can producers deliver a single large (bulk) package to retailers who will decide how they will package the volume desired by the customer? Producers can only sell to processors or other producers, not retailers. Producers can do no packaging. Processors do all packaging and labeling.

10) Does the required labeling need to be fixed to the packaging, or can it be passed on to the retail customer separately? On a business card for example? I ask because if someone wants to buy a small amount (1-2 grams), the packaging is going to be extremely oversized for the volume of product inside. The rule states the warnings can be included on a separate attachment. The sample labels contain the information that is required to be on the labels.

11) How come there are no limits on the size of space a producer can use? I feel that a 50,000 square foot warehouse would not only result in less quality control, but drive prices down which would result in less taxes collected by the LCB. The initiative did not include any limits on the size of producers.

12) I **STRONGLY** feel that the business opportunities of this state industry should be limited to the residents of the state that were here when this initiative was voted on. I know that people are flocking to this state in order to capitalize on this opportunity, and I don't think that they deserve an opportunity if they weren't here to vote on the initiative. I **strongly** suggest that you extend the minimum residency requirements from 3 months to at least 1 year. The 3 month residency requirement was part of the initiative approved by the voters of the State of Washington. A legislative change is required to make any changes.

Thank you for all of your efforts in order to develop these guidelines and implement I-502.

Sincerely,

Radler Coolidge

McCall, Karen J

From: McCall, Karen J
Sent: Wednesday, June 05, 2013 1:40 PM
To: 'Jim Wolfe'
Subject: RE: Multiple applicants on a single address - unrelated to prior questions

Jim,

The only way the landlord could lease space to more than one person in a building is to wall off sections for each leasee and call each section suite A, suite B, etc. Marijuana licensees cannot share the same space. If each applicant has their own suite number they could each apply for a license as long as there is no access to each other's space.

Karen

From: Jim Wolfe [<mailto:jimwolfe4@comcast.net>]
Sent: Monday, June 03, 2013 1:33 PM
To: McCall, Karen J
Subject: Multiple applicants on a single address - unrelated to prior questions

Hello, Karen!

Thank you for your patience, but I have one more scenario:

There is a property in Kelso in which more than one group is ready to commit. The property owner is willing to commit to a lease with us should we be granted the license to operate. I can only assume he has made similar contingent commitments to other tenant candidates. In this situation, is it possible for more than one/competing groups to apply for a license with the same address of operation?

Jim Wolfe
Vancouver, Washington
(360) 852-5007

McCall, Karen J

From: McCall, Karen J
Sent: Wednesday, June 05, 2013 1:35 PM
To: 'Jeff Wright'
Subject: RE: regarding residency requirements of I-502

Mr. Wright,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

The 3 month residency requirement was written into the initiative that the voters of Washington State approved and cannot be changed without legislation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Jeff Wright [<mailto:jeffwright@email.com>]
Sent: Monday, June 03, 2013 3:10 PM
To: rules
Subject: regarding residency requirements of I-502

Rules Coordinator
Liquor Control Board
P.O. Box 43080
Olympia, WA 98504-3080

To; Lady's and Gentleman of the I-502 rule making board

I am writing this letter out of concern for our state and the future impact of I-502 on our state's educational and social services systems. Under current proposed I-502 rules, anyone who has been a resident of Washington for three months is eligible to apply for a marijuana production and processing or a retail sales license. Compare this to Colorado's recreational marijuana law, which requires two years state residency to become licensed, a more reasonable requirement.

The board that is writing, planning and implementing I-502 has a difficult task at hand. I am sure that they would agree that they were overwhelmed with the interest shown by Washingtonians, the rest of the United States, and the World. Washington State is on the fast track to become the New Amsterdam of the new world.

Legalized recreational marijuana is going to be one of this state's biggest contributions to a social justice issue and there are no documented best practice theories that we can look at to in order to write the legal regulations for this new market. One thing is for sure, we the citizens of Washington are going to have to take responsibility for its negative or positive outcomes. I believe that long time Washingtonians, who share our love of this state, have paid their taxes, attended their schools, voted in our elections, and lived and obeyed our laws, should be given the first the opportunity to profit from this new industry. We should not encourage the current mentality of an industry that sees Washington as a stepping stone to the world domination of the marijuana market.

Economically we are looking at a modern day gold rush and by reducing the residency requirements to just three months, we will be encouraging every person in the world (yes the world), who thinks they can get rich by coming to Washington State and throwing a few seeds in the ground. The result will be an economic disaster and we will be ushering in another form of the sharecropper mentality. Given the fact that ½ of all business fail within the first year because of lack of planning, money, and any number of things that can go wrong; the people of the State of Washington will be picking up the tab for all the people who believed that marijuana was their road to riches when it results in the road to personal ruin.

Out of state, big money corporations are desperately trying to stake a claim in the Washington recreational marijuana market. They are using their money to legally influence how the rules are written by making sure that they are written in their favor. One millionaire grower, producer, and retailer from Colorado, recently stated on a local news program, that he wants to set up shop here as soon as the rules are finalized. Former Mexican President Vicente Fox recently visited Seattle to endorse a national marijuana brand name and to show support for Washington's recreational marijuana law.

Any long time Washington citizen should be asking why are the proposed rules making it so easy for big out of state interest to set up marijuana grow operations in our State are the Mexican drug cartels far behind or are they already here?

Please reconsider expanding the proposed residency requirements to at least one year. If you insist on pursuing a low residency requirement, please consider assigning a point system for Washington residences who have lived in this state for a longer period of time and should be given the first opportunity to profit from this new industry.

J. D. Wright, MSW, CEO,

The Yeomanfarmer

Mr. Wright Can be reached at theyeomanfarmer@usa.com

McCall, Karen J

From: McCall, Karen J
Sent: Wednesday, June 05, 2013 1:27 PM
To: 'Ron Burke'
Subject: RE: Licensing - Comments and Frustrations

Ron,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

A location address is required on all marijuana license applications. The application process begins with the board notifying the local authority of the application which includes the applicant's name and the location address. It would probably be a good idea to talk with the local authorities in the area you are interested in to get information on where marijuana businesses will be allowed.

There is no limit on the number of plants..

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Ron Burke [mailto:rburke@cortexmed.com]
Sent: Monday, June 03, 2013 5:11 PM
To: rules
Subject: Licensing - Comments and Frustrations

Karen,

I am seeking a producer, and processor license

Comments and Requests;

I do not understand your process to license Producers and Processors.
I am interested in both of those licenses, but I see no way to get a license under the current rules.

I do not believe I can locate an approved location in the 30 day time window allowed.
With a number of cities not allowing any "illegal" businesses, I thought incorrectly, I would be ok if I purchase acreage in an unincorporated area in Pierce County. After all I would be buying a Farm, and looking to grow and process a crop.

In doing some research I found the following article

Pierce County working on its own pot rules
<http://www.thenewstribune.com/2013/05/15/2599259/pierce-county-working-on-its-own.html>

In the article it states "A proposed ordinance would prohibit those activities in all unincorporated parts of the county until two steps take place: The state issues permanent licensing rules, and the County Council adopts permanent zoning regulations.

What if the council takes longer than the "30 day window"

What I am trying to avoid is leasing a warehouse – The problem with leasing a warehouse is as I read the rules, once licensed it may be very difficult if not impossible to move my license to another location.

I see this as raising a number of problems and or questions, that without answers could destroy an otherwise successful business.

1. How big is the market, I do not want to lease too small or too big a growing space.
2. The land lord of the warehouse, could raise the price per sq. foot to incredible rates, because he can hold me hostage in that location.
3. If I choose a location and there are any problem or comments from the government like, " it is still federally illegal hence we will not allow this illegal operation in our jurisdiction", I do not believe I will have time to locate another possible location within the 30 day window, and it seems that I would have to wait a minimum of one year from that date to hopefully re-apply, if licenses are available.

I have talked to a number of City Planners and so far all I have talked to are taking a wait and see stance. Pierce County seems to have taken the same.

MY STATEMENT:

Is there any way you would consider licensing Producers and Processors in two parts...

First license the company or responsible party to operate a Production or Processing operation in Washington State. Then allow that licensed (or approved for license) party time to locate a licensable location. This way as an licensed or approved for license party, I could insure the location would be approved or at least not objected to before submitting the location to you for approval. I would also have an idea of how many other licenses of my type were approved.

This time would also allow securing a space that would be the correct size needed, with all the space needed for quarantine and office space. All without the rush and drama for space like it is some wild west land grab. I feel that I want to move forward quickly, but like the cities and counties I want to have time to feel out the market and seek the perfect spot that is the right size and securable for safe operation.

I also have great concern in growing more than 90 plants at the start. The term MANDATORY SENTICING GUIDLINES for more than 100 plants does carry some weight with me. But what if we get a positive statement from the federal government I would like to be able to increase the growing space.

My biggest fear is getting pushed into some space that just does not work, or has no room to grow just to meet the 30 day window requirement, then fail because it was just the wrong place. If I can only grow 90 plants a 20,000sqft warehouse does not make sense in the business plan.

Thank you for your time.

Ron Burke
Network Administrator
Cortex Medical Management Systems
2107 Elliott Avenue Ste# 207
Seattle WA 98121

McCall, Karen J

From: McCall, Karen J
Sent: Wednesday, June 05, 2013 2:09 PM
To: 'Tom Williams'
Subject: RE: question concerning usable marijuana

Tom,

"Useable marijuana" is defined as the dried flowers of the plant. It does not include the leaves. "Marijuana" is defined as all parts of the plant. A marijuana retailer is only allowed to sell useable marijuana and marijuana-infused products. A legislative change is required to allow a marijuana retailer to sell marijuana before they can sell marijuana leaves from the plant.

Karen

From: Tom Williams [<mailto:tom@tclaywilliams.com>]
Sent: Wednesday, May 29, 2013 9:08 AM
To: McCall, Karen J
Subject: FW: question concerning usable marijuana

Hi Karen,

I just wanted to check in and see if there has been any progress on our question.

Thank you for your attention to this matter.

Sincerely,

Tom Williams

From: Tom Williams [<mailto:tom@tclaywilliams.com>]
Sent: Tuesday, May 21, 2013 2:40 PM
To: 'McCall, Karen J'
Subject: RE: question concerning usable marijuana

Hi Karen,

Thank you for the prompt response.

We will be applying for a license to take the whole leaf and flowers of the marijuana plant and package it for baking purposes. Our process will be limited to grinding the vegetable matter into a powder and drying it in a oven before packaging. Nothing will be added to the cannabis in any form.

Would this product be considered viable under the 1 ounce usable marijuana transaction rule?

Thank you,

Tom

From: McCall, Karen J [<mailto:KJM@LIQ.WA.GOV>]
Sent: Tuesday, May 21, 2013 1:20 PM

To: Tom Williams
Subject: RE: question concerning usable marijuana

Tom,

You can email me your question and I will attempt to answer it for you.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Tom Williams [<mailto:tom@tclaywilliams.com>]
Sent: Tuesday, May 21, 2013 12:18 PM
To: rules
Subject: question concerning usable marijuana

Dear Rules Coordinator,

I have a question concerning the definition of usable marijuana under the 1 oz transaction rule. I understand this is a comment forum but, I was wondering if it's possible to correspond with someone concerning this clarification.

Thank You,

Tom Williams
(206) 683-6707

McCall, Karen J

From: McCall, Karen J
Sent: Wednesday, June 05, 2013 2:16 PM
To: 'John Chaisson'
Subject: RE: I - 502 questions

John,

If the address changes during the application process you would need to amend the application to reflect the new location address and the process starts all over again.

The board is not considering zoning when making decisions on marijuana applications, but the local jurisdiction will not issue a local business license if the location is not located in an area zoned for a marijuana business. If you don't obtain a local business you will not be able to open your business even if the board approved your state marijuana license.

Karen

From: John Chaisson [<mailto:john@modernmosaictile.com>]
Sent: Wednesday, June 05, 2013 1:59 PM
To: McCall, Karen J
Subject: RE: I - 502 questions

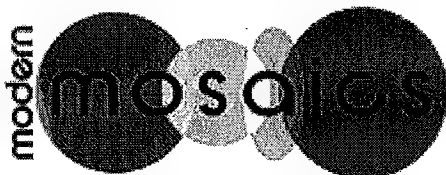
Karen, Thanks for the replies.
Sorry a couple more questions.

For the business address – what if between the time you apply for the license, the landlord changes his/her mind? Does this make the application invalid or can you do a follow up and provide another address?

Is the WASCLB asking for proof that the zoning is approved by the city? I see that the place of business has to be 1000 ft away from specific other businesses and other institutions but I see several issues that might come. Or is part of it to get a "certificate of occupancy" shows you have met the zoning requirements?

Best Regards, John

760.322.4481 – show room
866.902.0435 – fax



320 north palm canyon
palm springs | ca | 92262

From: McCall, Karen J [<mailto:KJM@LIQ.WA.GOV>]
Sent: Wednesday, June 05, 2013 12:07 PM

To: John Chaisson
Subject: RE: I - 502 questions

John,

I have answered your questions below.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: John Chaisson [<mailto:john@modernmosaictile.com>]
Sent: Tuesday, June 04, 2013 3:26 PM
To: rules
Subject: I - 502 questions
Importance: High

Hi WASLCB,
I have some questions in order to plan better. Can you please answer them? thanks

Will WALCB provide the template to produce the operating plan? Yes.

Will WALCB give the exact requirements needed such as the topic security or traceability? Yes.

Do the zoning requirements apply to ALL different types of licenses? I am interested in producer/processor NOT retail. You will need to check with your local government. They will be making decisions on zoning and what is allowed, not the Liquor Control Board.

Do we need a signed lease to show place of business so that we can submit the proposed floor plan, etc The lease doesn't need to be signed, but you must have a location address to apply for any marijuana license. It would be wise to make the lease contingent upon receiving a marijuana license.

When does the 30 day window to accept applications start? OR Anticipated month/year? It is anticipated to start September 1, 2013.

I have heard something about accepting applications this Sept, is that true? Yes.

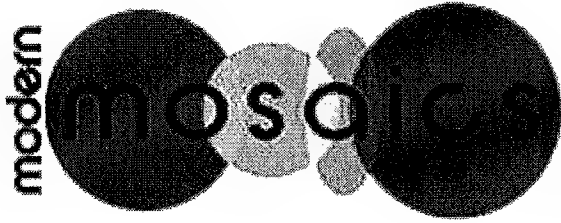
What do you need for residency requirement? Proof that you are a resident of the State of Washington – copy of lease, driver's license, etc.

Do you need articles of incorporation when applying? If you are applying as a corporation you would need a copy of your articles. Remember that all officers, all stockholders, and spouses must be Washington residents and pass the criminal background check.

Thank you!

Best Regards, John

760.322.4481 – show room
866.902.0435 – fax



320 north palm canyon
palm springs | ca | 92262

McCall, Karen J

From: Pat Dullanty [pdullanty@gmail.com]
Sent: Sunday, June 02, 2013 1:50 PM
To: McCall, Karen J
Subject: Re: hi, great job. there will be a horrible bottleneck with testing thanks

hi, how will you test baked goods? what is the reasoning behind such small lots? colorado takes batches and if the growers are confident it will not be red flagged for whatever reason they allow it. how would you ever test hundreds of thousands of samples? i believe there are only three accredited labs in washington? is this correct? thankyou pat

On Mon, May 20, 2013 at 10:35 AM, McCall, Karen J <KJM@liq.wa.gov> wrote:

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall

Rules Coordinator

WSLCB

[360-664-1631](tel:360-664-1631)

From: Pat Dullanty [mailto:pdullanty@gmail.com]
Sent: Thursday, May 16, 2013 1:44 PM
To: rules
Subject: hi, great job. there will be a horrible bottleneck with testing thanks

Rules Coordinator
Liquor Control Board
P.O. Box 43080
Olympia, WA 98504-3080

I am writing this letter out of concern for our state and the future impact of I-502 on our state's educational and social services systems. Under current proposed I-502 rules, anyone who has been a resident of Washington for three months is eligible to apply for a marijuana production and processing or a retail sales license. Compare this to Colorado's recreational marijuana law, which requires two years state residency to become licensed, a more reasonable requirement.

The board that is writing, planning and implementing I-502 has a difficult task at hand. I am sure that they would agree that they were overwhelmed with the interest shown by Washingtonians, the rest of the United States, and the World. Washington State is on the fast track to become the New Amsterdam of the new world.

Legalized recreational marijuana is going to be one of this state's biggest contributions to a social justice issue and there are no documented best practice theories that we can look at to in order to write the legal regulations for this new market. One thing is for sure, we the citizens of Washington are going to have to take responsibility for its negative or positive outcomes. I believe that long time Washingtonians, who share our love of this state, have paid their taxes, attended their schools, voted in our elections, and lived and obeyed our laws, should be given the first the opportunity to profit from this new industry. We should not encourage the current mentality of an industry that sees Washington as a stepping stone to the world domination of the marijuana market.

Economically we are looking at a modern day gold rush and by reducing the residency requirements to just three months, we will be encouraging every person in the world (yes the world), who thinks they can get rich by coming to Washington State and throwing a few seeds in the ground. The result will be an economic disaster and we will be ushering in another form of the sharecropper mentality. Given the fact that 1/2 of all business fail within the first year because of lack of planning, money, and any number of things that can go wrong; the people of the State of Washington will be picking up the tab for all the people who believed that marijuana was their road to riches when it results in the road to personal ruin.

Out of state, big money corporations are desperately trying to stake a claim in the Washington recreational marijuana market. They are using their money to legally influence how the rules are written by making sure that they are written in their favor. One millionaire grower, producer, and retailer from Colorado, recently stated on a local news program, that he wants to set up shop here as soon as the rules are finalized. Former Mexican President Vicente Fox recently visited Seattle endorsing a national marijuana brand name and to show support for Washington's recreational marijuana law.

Any long time Washington citizen should be asking why are the proposed rules making it so easy for big out of state interest to set up marijuana grow operations in our State are the Mexican drug cartels far behind or are they already here?

Please reconsider expanding the proposed residency requirements to at least one year. If you insist on pursuing a low residency requirement, please consider assigning a point system for Washington

residences who have lived in this state for a longer period of time and should be given the first opportunity to profit from this new industry.

J. D. Wright, MSW, CEO,

The Yeomanfarmer

Mr. Wright Can be reached at theyeomanfarmer@usa.com

McCall, Karen J

From: Will Denman [wdenman@solsticecoop.com]
Sent: Monday, June 03, 2013 3:19 PM
To: McCall, Karen J
Subject: Re: Solstice-review of initial draft rules

Karen,

Thanks for taking the time to respond. We're meeting with Mike and Aaron on Tuesday the 11th at 11am to review our comments, it would be great if you could join. I understand and agree with the comments for hashes as well as transportation of cannabis. Below I have responses to the other two comments:

-WAC 314-55-020 (7): We recommend increasing the 3-month residency to at least 1 year. The initiative spoke to requiring at least 3 months but LCB has opportunity to require more. The board can't contradict the law in rule. The 3 month residency requirement is in the law and will require a legislative change.

RCW 69.50.331 section 1 subsection B states uses the language "at least" three months. In our mind "at least" provides opportunity to extend beyond three months. If it just stated "three months" then we would agree LCB would have no room to contradict.

-WAC 314-55-105: Requiring Unified Business Identifier (UBI) on packaging reveals businesses' information that would not otherwise be publically available. This could potentially increase exposure to theft, attacks, or federal intervention. The UBI number is listed on the master license which is required to be posted on the premises in plain sight. UBI information is publicly available.

The master license is required to be posted in plain sight on premises. These premises, however, are not open to the public. UBI information is public knowledge, but only to those who search it out. Requiring this information on a package in a marketing type format opens companies up to uncommon/unnecessary exposure.

Best Regards
William Denman
www.solsticegrown.com



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On Jun 3, 2013, at 1:45 PM, "McCall, Karen J" <KJM@LIQ.WA.GOV> wrote:

William,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation. I commented on some of your comments below.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Steenhout, Michael L
Sent: Wednesday, May 29, 2013 8:56 AM
To: rules
Subject: FW: Solstice-review of initial draft rules

From: Will Denman [<mailto:wdenman@solsticecoop.com>]
Sent: Tuesday, May 28, 2013 4:40 PM
To: Steenhout, Michael L
Cc: Kendziorek, Aaron; Alex Cooley
Subject: Solstice-review of initial draft rules

Mike & Aaron,

Alex and I took some time to review the initial draft rules and have have organized our comments below. If possible, we'd like to schedule a meeting to review these comments. Please let us know a time and place that would work at your convenience. Hope all is well!

WAC 314-55-081 (3): Random Drawing for retail—Why not allow those who are already operating in good standing under medical cannabis laws and can make transition an opportunity to do so? The random drawing puts already existing/in good standing businesses in a vulnerable position. Our recommendation is to create two windows, similar to Colorado, where the first window is for current medical cannabis businesses only. There is no need to allow medical a running start, so licenses could be made active at the same time, but priority given to existing medical cannabis retail through the two windows.

Also, we recommend weighting the second window for WA ST citizens. Ways to do that would be a point system where candidates could gain points based on factors such as years of WA ST residency, owning a business in WA, etc.

-WAC 314-55-020 (7): We recommend increasing the 3-month residency to at least 1 year. The initiative spoke to requiring at least 3 months but LCB has opportunity to require more. The board can't contradict the law in rule. The 3 month residency requirement is in the law and will require a legislative change.

-WAC 314-55-095 (2): Dosage for packaging—clarifying that “marijuana infused product” refers to a single item and not a package of items.

-WAC 314-55-050 (11): The wording “perimeter” & “straight line” drastically reduces availability of compliant spaces. We recommend removing “perimeter” & “straight line” and replacing them with the current language from Title 66 Alcohol Beverage Control—specifically RCW 66.24.010(9) where the Board measures the 500 foot distance by “the most direct route over or across established public walks, streets, or other public

passageway from the main entrance of the school to the nearest public entrance of the premises proposed for license.”

-WAC 314-55-079 (2): We feel that not allowing concentrates creates an opening for diversion/black market and will become a life safety issue. The initiative speaks to resins in Part 2-2(s) under definitions, which gives LCB the authority to regulate concentrates because they are considered to be “usable marijuana”. They are not considered “useable marijuana”. “Useable marijuana” is only the dried flowers of the plant. “Marijuana” includes the resins, concentrates, and oils. A marijuana retailer licensee is not allowed to sell “marijuana”, only “useable marijuana” and marijuana infused products. A legislative change is required to allow a marijuana retailer to sell marijuana.

-WAC 314-55-160(2.b.i) & 070(2): In regard to the timeframe for reapplication being a year--why is this necessary? Allowing people to get compliant and reapply will create more competition and generate more revenue through application fees.

-WAC 314-55-075/077/080/081: Establishing a 3-month lead-time from when rules become official to when application window opens. The issue we foresee is people rushing to get applications in and not taking their time to ensure due diligence.

-WAC 314-55-083 (3.e.): Quarantine window of 72 hours seems excessive and will create an additional hurdle for commerce/logistics.

-WAC 314-55-102 (6) & 105 (9c): Testing & labeling for potency but not testing for microbial, foreign matter, and pesticides. Also, the sample label doesn’t show everything that the subsection says is necessary. Potency of a strain becomes fairly well known after several batches—five in our mind. After five batches, the potency results may be +/- 1-2% from the median results but are fairly consistent. Additionally, potency variability between each bud within a single batch is roughly +/- 1-2%. In our minds, an average of potency testing over a larger period is a more accurate representation of the actual strain and product. Requiring potency testing for each batch would not allow us to use this method and our database of averages.

-WAC 314-55-020: We recommend changing affidavit to say “can” be used for marijuana vs. “leased” and “will” be used. The current language would force people to enter into lease agreements prior to being licensed and could leave people on the hook unnecessarily.

-WAC 314-55-083 (2): “may also be used” could be interpreted as “in place of” or “in stead of”. May be a good idea just to clean the language up there.

-WAC 314-55-085 (5.a): Consider adding subcontractor to persons capable of delivery. The initiative only allows the marijuana licensee or their employees to deliver. A legislative change is required to allow 3rd party delivery.

-WAC 314-55-089 (1.d): Clarification as to whether each license is per location and if each location will need to file separately.

-WAC 314-55-097: All method of disposal—for rendering marijuana/marijuana waste “unusable” we recommend removing “plastic” from material that can make up 50%. We would also further recommend adding that all marijuana/marijuana waste be recycled or composted.

-WAC 314-55-105: Requiring Unified Business Identifier (UBI) on packaging reveals businesses’ information that would not otherwise be publically available. This could potentially increase exposure to theft, attacks, or federal intervention. The UBI number is listed on the master license which is required to be posted on the premises in plain sight. UBI information is publicly available.

Best Regards
William Denman
www.solsticegrown.com

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McCall, Karen J

From: McCall, Karen J
Sent: Thursday, May 30, 2013 1:56 PM
To: 'Highest Collective'
Subject: RE:

The timeline for filing the proposed rules with the code reviser's office is June 19, 2013. Once filed they will be sent out to stakeholders for comment. There will be a public hearing in late July where comment will also be taken prior to board adoption of the proposed rules.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Highest Collective [<mailto:thehighestcollective@gmail.com>]
Sent: Wednesday, May 29, 2013 10:03 AM
To: rules
Subject: Re:

alright so 30 days after september 1 they will be accepting applications. also do you know when the final print of the rules will be out your helping out alot thanks.

On Thu, May 23, 2013 at 11:04 AM, Highest Collective <thehighestcollective@gmail.com> wrote:
HEY WAS WONDERING WHEN WE THE PEOPLE WOULD BE ABLE TO APPLY FOR A RETAIL
LICENSE THIS JUNE OR NEXT JUNE

McCall, Karen J

From: McCall, Karen J
Sent: Thursday, May 30, 2013 1:41 PM
To: 'Mat Thompson'
Subject: RE: FW: Plant limits for producers

Mat,

A separate application is required for each location where is marijuana license is desired. There will be no preference to applications regardless of how many separate applications are received from any one entity.

All marijuana transactions will need to take place at the location the board issues the license. A licensee or their employee must make the sale at the licensed premises. The customer must come into the licensed premises to make the marijuana purchase. All sales will be required to be entered into the traceability system.

Karen

From: Mat Thompson [<mailto:mathewthompson1980@gmail.com>]
Sent: Wednesday, May 29, 2013 4:01 PM
To: McCall, Karen J
Subject: Re: FW: Plant limits for producers

Are single permit applications going to be granted over people who are applying for multiple retail permits?

On Wed, May 29, 2013 at 5:00 PM, Mat Thompson <mathewthompson1980@gmail.com> wrote:
I would like to be able to remotely identify buyers via webcam and then remotely dispense the product to the consumer over a network connection. This is for public safety. A live operator will be manning all stations in high definition. All transactions will be recorded and stored to assure compliance. This would automatically account for all product sold making accounting and paying taxes streamlined. This complies with the rules and laws as currently written.

Is there any reason I wouldn't be allowed to do this? Again the machine would not be identifying the age of the buyers. Real people would, on live, recorded video.

On Tue, May 28, 2013 at 3:05 PM, McCall, Karen J <KJM@liq.wa.gov> wrote:

Mat,

Vending machines were not addressed in the initiative therefore they will not be allowed. The direct or indirect relationship in the initiative refers to the relationship between a producer or processor and a retailer. It doesn't pertain to other types of businesses.

Karen

From: Mat Thompson [mailto:mathewthompson1980@gmail.com]

Sent: Monday, May 20, 2013 9:57 PM

To: McCall, Karen J

Subject: Re: FW: Plant limits for producers

Thank you for all your help and patience with me. Vending machines were not addressed. Obviously send a machine cannot have permits they are not people however my machine would be operated by a live person and used to keep product secure and track inventory. Do you think this would be allowed?

Another question I have is would I be allowed to open retail locations if I currently sell hydroponic supplies and build grow rooms for a living? The law states no direct or indirect relationships but that is very vague. Thank you for your help.

On Apr 3, 2013 1:37 PM, "McCall, Karen J" <KJM@liq.wa.gov> wrote:

The board has not made any decision on whether or not to limit the number of plants. Thank you for your comments on our marijuana producer license and regulations. They will be considered as we draft rules to implement I-502. To ensure you receive updates on I-502 implementation and public meetings go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
[360-664-1631](tel:360-664-1631)

-----Original Message-----

From: Mat Thompson [mailto:mathewthompson1980@gmail.com]

Sent: Saturday, March 30, 2013 9:45 PM

To: rules

Subject: Plant limits for producers

What plant limit is the Liquor Commission leaning towards placing on producers. I feel it should be very low. I would appreciate any insight you could give me as it would help me plan. I'm assuming the limits would be around 50 plants or less.

McCall, Karen J

From: McCall, Karen J
Sent: Thursday, May 30, 2013 1:37 PM
To: 'nice'
Subject: RE: Retail/Producer Application

Tanner,

A felony conviction will prohibit you from obtaining a marijuana license if the felony conviction was in the last 10 years.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

-----Original Message-----

From: nice [<mailto:tannerphan@gmail.com>]
Sent: Wednesday, May 29, 2013 5:08 PM
To: rules
Subject: Retail/Producer Application

To Whom this may concern,

My name is Tanner Phan. I am a 21 years old student at University Of Washington, currently in my 2nd year of Computer Science. I am interested in producing marijuana, as a way to support myself financially in school and hoping to help others to achieve their bachelor degrees. In two years, about the time I graduate, I would like to turn the company/organization into a nonprofit that will focus in just bridging students and Financial Aid as well as provide financial and informational resources.

Having briefly scanned over the draft rules, it seems that the state may or may not denied me due to my criminal background. I committed a felony when I was 18, residential burglary 2nd degree. I was hoping with that the depart would help me or point me to the right direction in which I can start working on this issue, and perhaps give myself a better chance to obtain the license later this year.

Thank You for your time.

Tanner.

McCall, Karen J

From: McCall, Karen J
Sent: Thursday, May 30, 2013 1:34 PM
To: 'Dave Jensen'
Subject: RE: KPBJ.COM article...

Dave,

Nothing changes how you do business for medical marijuana. You do not need a license to grow because the only marijuana licenses in I-502 are for recreational marijuana. The tax rates are for recreational marijuana. Whatever taxes you are required to pay now you will continue to pay. I am not versed on the medical marijuana laws except to know that nothing changes in the medical marijuana industry due to the initiative.

Karen

From: Dave Jensen [<mailto:magnetsplus@comcast.net>]
Sent: Wednesday, May 29, 2013 5:48 PM
To: McCall, Karen J
Subject: Re: KPBJ.COM article...

Karen,

Thank you and yes, I understand that part of the Patient to Patient system is in tacked. Our flags went up when we saw the tax rates. Please bear with me, knowing that I-502 is recreational use of the medicine.

Let me ask this, will our P2P transactions be taxed at those rates and will we have to be registered as P2P growers? I/We never transact any cannabis with non-mmjwa citizens.

Thank you very much for your time.

Sincerely,
Dave Jensen

From: "Karen J McCall" <KJM@LIQ.WA.GOV>
To: "Dave Jensen" <magnetsplus@comcast.net>
Sent: Tuesday, May 28, 2013 2:07:46 PM
Subject: RE: KPBJ.COM article...

Dave,

The initial draft proposed marijuana rules are for recreational marijuana only. Initiative 502 did not change anything about medical marijuana. If you are allowed to grow marijuana now under the medical marijuana laws you can continue to grow. Medical marijuana is unchanged.

Karen McCall
Rules coordinator
WSLCB

360-664-1631

From: Dave Jensen [mailto:magnetsplus@comcast.net]

Sent: Monday, May 20, 2013 9:51 PM

To: rules

Subject: KPBJ.COM article...

This has me curious.

http://kpbj.com/business_daily/2013-05-20/states_proposed_marijuana_rules_include_many_hoops_challenges_for_entrepreneurs

My entire list of patients are veterans, like me. We're all MMJWA patients.

Patient to patient network, is your group trying to stop our patient networks?

Do I need to stop growing for us?

We, none of us, could afford the monies that article speaks to.

Stinks if that is what I see going on here. Leave Patient 2 Patient alone, please.

Dave Jensen

2020 Boulevard Rd SE

Olympia, WA 98501

360-628-8299 home

30% VietNam DisVet

This plant, God given, has helped so many disabled veteran's improve the quality of their lives. Help them to stay well.

McCall, Karen J

From: McCall, Karen J
Sent: Thursday, May 30, 2013 11:14 AM
To: 'Dustin Barrington'
Subject: RE: Dustin Barrington

Dustin,

You will need to discuss this issue with the marijuana retail licensees once the licenses are issued. The board has no control over the hiring practices of marijuana retail licensees.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Dustin Barrington [<mailto:dbarrington206@gmail.com>]
Sent: Wednesday, May 29, 2013 7:35 PM
To: rules
Subject: Dustin Barrington

I was just entrusted in when the state opens up It's first recreational Marijuana store how would one go about getting a job in the new Industry. I am currently in the Medical Marijuana Industry and was curious in working in the stores when they open up.

Thank You

Dustin Barrington

McCall, Karen J

From: McCall, Karen J
Sent: Thursday, May 30, 2013 11:10 AM
To: 'edgar bolivar'
Subject: RE: Out of state residency

The residency requirement is that an applicant must be a resident of Washington State for a minimum of three months prior to application. Licenses will not be issued to anyone that doesn't meet that requirement.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: edgar bolivar [mailto:hot_dogski@hotmail.com]
Sent: Thursday, May 30, 2013 1:28 AM
To: rules
Subject: Out of state residency

Hello, I am an out of state resident. I am interested in applying for the producing cannabis license. Planning to move to WA but I wanted to know if there are going to be any restrictions for obtaining a license for people outside of Washington trying to bring business to the state?
Thanks.

Sent from Windows Mail

McCall, Karen J

From: McCall, Karen J
Sent: Thursday, May 30, 2013 11:06 AM
To: 'william johnson'
Subject: RE: 502

Willie,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: william johnson [<mailto:johnson1dome@yahoo.com>]
Sent: Thursday, May 30, 2013 6:38 AM
To: rules
Subject: 502

I am a potential 502 retail future owner. Here are some of my concerns. I have listened to all of the forums and read the draft rules. I also work for the feds in northern Okanogan county. So I buy a commercial building in the next few months. I apply for a retail license when the time comes and here is the catcher. Then you send a letter to the city to inform them that I want to open a marijuana retail business in a city swarming with border patrol and customs employees. Some of the cops work part time at the border. There is no way they will approve this. Even the city ordinances speak of following federal law. So after all my effort and money spent it is a no go. What will keep somebody else from putting in a daycare next to my retail business and ending my yearly renewal? This product is a legitimate stress reliever superior to alcohol or over the counter medicine. The feds will have to reschedule cannabis for this to be successful. I talked to the department of health and all medical marijuana dispensaries in Washington are completely illegal. There are 150 illegal dispensaries in seattle and many in Wenatchee but none in Okanogan county. Medical marijuana is sold openly on craigslist, just type in mmj. I hope that any illegal dispensary cannot convert their operation to legal since the money that they operate on was obtained illegally. With the rules so strict, I forsee the black market thriving. With the fear of being shut down by the feds or never approved after tons of footwork, I don't see many people investing all the money for cameras and 1000 rule commercial buildings. Something has to be done by all these illegal medical dispensaries or this will FAIL.

Thanks, Willie.

McCall, Karen J

From: McCall, Karen J
Sent: Thursday, May 30, 2013 11:04 AM
To: 'Point Bud'
Subject: RE: WAC 314-55-015

Mike T,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Point Bud [<mailto:pointbud@live.com>]
Sent: Thursday, May 30, 2013 8:12 AM
To: McCall, Karen J
Subject: RE: WAC 314-55-015

That's interesting - I would guess the family home is where the vast majority of the pot is grown now.

If the present day growers can't operate as a legal cottage industry, then they are most likely going to continue to grow illegally.

If the rules do not allow for the family home to be used as a location this should be made very clear before the flood of inadmissible applicants.

It would be more advantageous for the LCB to get as many of the present day growers on-board the legal system, rather than fight them as illegal competition. This would mean allowing the cottage industry, which by definition, is in the family home.

MikeT

Subject: RE: WAC 314-55-015
Date: Tue, 28 May 2013 11:15:58 -0700
From: KJM@LIQ.WA.GOV
To: pointbud@live.com

Mike T,

The licensed premises is the location address licensed by the board. The board will not approve any marijuana license for a location where law enforcement access, without notice or cause, is limited so that rules out a family home.

Karen

From: Point Bud [<mailto:pointbud@live.com>]

Sent: Friday, May 24, 2013 7:28 AM

To: rules

Subject: WAC 314-55-015

WAC 314-55-015, paragraph 11, indicates licencees '...not allow the consumption of marijuana or marijuana-infused products on the licensed premises..'.

What is the definition of the 'licensed premises'? Does this just pertain to the building the licensee occupies or the entire property where it is situated? For licencees operating as a cottage industry, there should be a distinction between the work area and the family home.

MikeT

McCall, Karen J

From: McCall, Karen J
Sent: Thursday, May 30, 2013 11:03 AM
To: 'David Kerr'
Subject: RE: Definition of "Recreation center or facility"

David,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: David Kerr [<mailto:david@dkerrlaw.com>]
Sent: Thursday, May 30, 2013 9:33 AM
To: rules
Subject: Definition of "Recreation center or facility"

The definition of "Recreation center or facility" in the initial draft rules is very broad and would appear to include any type of supervised center or facility, whether publicly or privately owned, that offers "a broad range of activities and events." If the definition is this board it would appear to capture many, private sports centers, private gymnasiums or exercise facilities, even some churches and other facilities that should not be included in the list of types of facilities requiring a 1000 foot buffer.

I request that the LCB consider revising the definition of "Recreation center or facility" as follows:

"Recreation center or facility" means a center or facility owned and managed by a city or county for the purpose of providing a broad range of supervised recreational activities to children.

Doing a simple Google search for "Recreation Centers and Facilities in the Seattle Area" turned up the following types business that one would not normally consider a "recreation center or facility"

- View Ridge Swim & Tennis Club
- Sarah Valdes Dancesport
- SkyMania Trampoline Center
- Adventura Aerial Adventure Park
- Arena Sports

However, if these types of facilities aren't distinguished from what people usually consider a recreation center in the municipal / local government sense then there will be no end to the objections raised when someone tries to locate a facility in or around any developed area

dk | LAW
David P. Kerr
206.234.5819
david@dkerrlaw.com
www.dkerrlaw.com

This email is privileged and confidential. Any unauthorized use is expressly prohibited.

McCall, Karen J

From: McCall, Karen J
Sent: Thursday, May 30, 2013 1:59 PM
To: 'Leslie Minch'
Subject: RE: I502 draft rules

Leslie,

I don't have an answer to your questions. The board is tasked to implement I-502 for now. I have no information on any changes to the medical marijuana industry.

Karen

From: Leslie Minch [<mailto:leslieminch@gmail.com>]
Sent: Wednesday, May 29, 2013 9:39 AM
To: McCall, Karen J
Subject: Re: I502 draft rules

Karen:

How is I-502 going to be reconciled with the Medical marijuana code? Will a cooperative community approach to medical marijuana be able to co-exist with a highly regulated and highly taxed recreational use code? At this time, as I-502 is written it does not impact the Medical Marijuana code. Practically speaking- regulatory requirements and end-cost/retail pricing are going to drive boutique or smaller producer/processors to the medical marijuana segment.

Thanks for allowing comments on this issue.

Leslie Minch

On Mon, May 20, 2013 at 3:52 PM, McCall, Karen J <KJM@liq.wa.gov> wrote:

Leslie,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Every transport of product must be reported to the board. The reporting will be made online.

Karen McCall

Rules Coordinator

WSLCB

360-664-1631

From: Leslie Minch [mailto:leslieminch@gmail.com]

Sent: Friday, May 17, 2013 6:39 PM

To: rules

Subject: I502 draft rules

Upon initial reading I would offer the following concerns:

New Section. WAC 314-55-075 What is a marijuana producer license and what are the fees related to a marijuana producer license?

(1) A marijuana producer license allows the licensee to produce marijuana for sale at wholesale to marijuana processor licensees and to other marijuana producer licensees. Marijuana production must take place within a fully enclosed secure indoor facility or greenhouse with rigid walls, a roof, and doors.

Not allowing sun-grown production is NOT environmentally sustainable. Eastern Washington offers an ideal growth climate. If we can erect fences to protect our borders, surely we can secure crops.

New Section. WAC 314-55-083 What are the security requirements for a marijuana licensee? ...

(4) Traceability: To prevent diversion and to promote public safety, marijuana licensees must track marijuana from seed to sale. Licensees must provide the required information on a system specified by the board. All costs related to the reporting requirements are borne by the licensee. Plants, lots of useable marijuana or trim, leaves, and other plant matter must be traceable from production through processing, and finally into the retail environment including being able to identify the batches of products such as extracts or infused products from the base marijuana.

New Section. WAC 314-55-085 What are the transportation requirements for a marijuana licensee?...

(1) Notification of shipment: Upon transporting any marijuana or marijuana product, a producer, processor or retailer shall notify the board of the type and amount and/or weight of marijuana and/or marijuana products being transported, the name of transporter, times of departure and expected delivery. This information must be reported in the traceability system described in WAC 314-55-083(4).

(2) Receipt of shipment: Upon receiving the shipment, the licensee receiving the product shall report the amount and /or weight of marijuana and/or marijuana products received in the traceability system.

The tracing and transportation notification is unclear. Is this going to be an online reporting each time a shipment is made?

Sincerely,

Leslie Minch

McCall, Karen J

From: McCall, Karen J
Sent: Thursday, May 30, 2013 2:27 PM
To: 'Sonny Patterson'
Subject: RE: Feedback on rules

Sonny,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Sonny Patterson [<mailto:sopatt@outlook.com>]
Sent: Wednesday, May 29, 2013 5:51 PM
To: rules
Subject: Feedback on rules

Just wanted to add my \$.02 and say that it seems like a bit much to require ALL shareholders of a corporation to submit their information. It should probably be above a certain percentage, like maybe 5%.

Unless the unstated goal is to keep larger corporations out or to give them a disadvantage.

McCall, Karen J

From: McCall, Karen J
Sent: Thursday, May 30, 2013 2:25 PM
To: 'Scott Holloway'
Subject: RE: 502 rules

Scott,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

-----Original Message-----

From: Scott Holloway [<mailto:scottholloway@q.com>]
Sent: Tuesday, May 28, 2013 8:11 PM
To: rules
Subject: 502 rules

Just wanted to inform you that your rules don't mirror alcohol rules, and they are so far over the top that no business can operate in that hostile environment.

McCall, Karen J

From: McCall, Karen J
Sent: Thursday, May 30, 2013 2:24 PM
To: 'Paul MacLeod'
Subject: RE: My comment

Paul,

Yes, I work for the LCB. I am the Rules Coordinator. I-502 allows a marijuana retailer to sell useable marijuana, marijuana-infused products, and marijuana paraphernalia. It does not allow the sale of "marijuana" defined in the initiative as "all parts of the plant cannabis, whether growing or not, with a THC concentration greater than 0.3 percent on a dry weight basis". "Useable marijuana" is defined as dried marijuana flowers.

A legislative change is required to allow a marijuana retailer to sell "marijuana" in addition to useable marijuana and marijuana-infused products. The board cannot allow something in rule that is not allowed in the law.

Karen

-----Original Message-----

From: Paul MacLeod [<mailto:paulmacleod@reachone.com>]
Sent: Wednesday, May 29, 2013 12:49 AM
To: McCall, Karen J
Subject: RE: My comment

Hi Karen,

In regard to my question, below, the article I read in The Daily World says that "Alison Holcomb, primary author of Initiative 502 noted that many rules seem to beg for further definition and refinement. This is literally just a preview of where they are right now. And they're intentionally doing this to give the public an opportunity to provide meaningful input," said Holcomb, drug policy director for the ACLU of Washington State.

In your response you said that "A legislative change is required to allow for this", the selling of the leaves of the marijuana plant (shake). Are you with the LCB? If so, when the voters approved to legalize the sale of pot, you are telling me that they only voted for the sale of what is the equivalent of hard liquor, with no allowance for the sale of the equivalent of beer and wine.

The article said that this is the time when the rules for "using, growing and selling pot" are being sorted out into a usable plan. Well, I am trying to make the point that all pot smokers are not the equivalent of "hard liquor" drinkers. There are a lot of the equivalent of beer and wine drinkers also using pot. The article goes on to say "The board wants input on the proposals by June 10. The best way to contact the LCB is via email" at this address.

Please consider the logic of what I am talking about. I am sure the voters did not intend for only being able to buy the equivalent of "Hard Liquor" only when it comes to pot (bud). Please discuss this with, or forward this e-mail to your supervisor so this matter can be addressed because it is something that is slipping through the cracks and DEFINATELY needs to be addressed and this matter is "meaningful input".

Thank you in advance, Karen, for your attention to this matter and I will be awaiting your response.

Sincerely,

Paul MacLeod

-----Original Message-----

From: McCall, Karen J [<mailto:KJM@LIQ.WA.GOV>]

Sent: Tuesday, May 28, 2013 2:03 PM

To: Paul MacLeod

Subject: RE: My comment

Paul,

The initiative does not allow the sale of "shake" to consumers. A legislative change is required to allow this.

Karen McCall

Rules Coordinator

WSLCB'360-664-1631

-----Original Message-----

From: Paul MacLeod [<mailto:paulmacleod@reachone.com>]

Sent: Tuesday, May 21, 2013 3:09 AM

To: rules

Subject: My comment

Hello,

I certainly hope whoever is making the rules for the sale and distribution of legalized pot, is also making provisions for the sale and distribution of the regular old type pot which is just the leaves or "shake" which used to be called "laughing grass". This is NOT the high quality "bud" which is all that seem to be talked about. There is a LOT of us out here who do NOT like the strong stuff, but rather just the leaves. Are provisions being made to market this product? Thank you in advance for your attention to this matter and I will be awaiting your response.

Sincerely,

Paul MacLeod

McCall, Karen J

From: McCall, Karen J
Sent: Thursday, May 30, 2013 2:28 PM
To: 'Gordon Stone'
Subject: RE: initial draft rules 5-16-2013

Gordon,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Gordon Stone [mailto:gordon@stonethumb.com]
Sent: Tuesday, May 28, 2013 3:22 PM
To: McCall, Karen J
Subject: RE: initial draft rules 5-16-2013

Hi Karen,

I see a big issue with what the state is trying to do here with the selling of a "RAW" component and not a consumable. How is the state going to monitor the THC and CBD levels of what is available? One that tests knows that the material at the top of the plants THC and CBD level is and will be different then the bottom of the plants materials level. I see a different end user product, one that the state can be assured that the THC and CBD level is consistent across the board. Just as Beer, alcohol, prescription drugs, aspirin, etc.. all list their content of the active ingredient and the user can trust, so must cannabis. That said I see a need for a company that creates essential oils for vaporization or inhalation like an asthma puffer. The stat could and should be behind this as it does not support combustion. Vaporization is the way of the future, look at E-cigs. The Vapor device with Cannabis in it could be marketed and branded just as any other product and this would bring in advertizing money, something I see a problem with when you are selling raw plant material.

I would love to discuss this further and can come talk and discuss if you would like.

Sincerely,

Gordon Stone

From: McCall, Karen J [mailto:KJM@LIQ.WA.GOV]
Sent: Tuesday, May 28, 2013 1:45 PM
To: Gordon Stone
Subject: RE: initial draft rules 5-16-2013

Gordon,

Any comments you have should be emailed to me. All comments will be shared with the board as we continue to draft proposed rules to implement the initiative.

Karen

From: Gordon Stone [<mailto:gordon@stonethumb.com>]

Sent: Wednesday, May 22, 2013 12:53 PM

To: McCall, Karen J

Subject: RE: initial draft rules 5-16-2013

Hi Karen,

Thanks for the response and yes I will subscribe to the Listserve under I-502 implementation. Is there a forum for input regarding the environment requirements for the producers facility? I have a unique view of the environmental issue that come up during the production phase and I would be happy to share that with the state in hope to help define this area of the rules.

I am a local who, through my business, has helped setup numerous indoor production areas where the environmental conditions were of paramount importance in order to guarantee the cleanest final product as possible.

I have other views I would love to share as long as the ear I am bending will listen and not be a waste their or my time.
☺

Sincerely,

Gordon Stone
owner
www.StoneThumb.com
425-830-3284

From: McCall, Karen J [<mailto:KJM@LIQ.WA.GOV>]

Sent: Wednesday, May 22, 2013 10:43 AM

To: Gordon Stone

Subject: RE: initial draft rules 5-16-2013

Gordon,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Gordon Stone [<mailto:gordon@stonethumb.com>]

Sent: Tuesday, May 21, 2013 8:16 PM

To: rules

Subject: initial draft rules 5-16-2013

Looking at the initial draft I do not see anything in here about the environmental conditions for the Cannabis to be grown in other than indoors or green house with rigid wall and a roof. What about the air borne contaminate control requirements and or Smell generated by a large indoor grow facility.

Also in the labeling area it states that:

“(f) warning that discloses all pesticides, herbicides, and fungicides or other compounds used for pest control or plant disease in production and processing.”

This looks like we are asking the consumer to now know the effects of these products on their bodies and they have to look it up? This section simply doesn't make sense, there should be a list of approved products and only those products used and not needing to be disclosed to the consumer because they are safe. You do not see this labeling on produce or the in the floral industry where we are constantly bombarded by these chemicals and not told.

Just my 2 cents,

Gordon Stone

This E-mail, along with any attachments, is considered confidential and may well be legally privileged. If you have received it in error, you are on notice of its status. Please notify us immediately by reply e-mail and then delete this message from your system. Please do not copy it or use it for any purposes, or disclose its contents to any other person. Thank you for your cooperation.

McCall, Karen J

From: McCall, Karen J
Sent: Thursday, May 30, 2013 2:29 PM
To: 'FarmRanchRose@aol.com'
Subject: RE: draft

Rose,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: FarmRanchRose@aol.com [<mailto:FarmRanchRose@aol.com>]
Sent: Tuesday, May 28, 2013 2:32 PM
To: McCall, Karen J
Subject: Re: draft

5-28-13

Karen:

As another suggestion to the draft; I find shortcomings in the definition of "true identities."

In my case; in other businesses in WA State, as a sole proprietorship or LLC, there can be 1 individual (who is licensed). Also in terms of insurance, a sole proprietor can insure his/her employees/ individual contractors for insurance; E & O (Errors & Omissions insurance) but *not a spouse*.

I own separate real property, of which a spouse does not have any interest or ownership, for use in this production business and I am not going to transfer any ownership to said spouse. As with other WA businesses, the spouse need not be included as a 'true party of interest,' in either a sole proprietorship or LLC.

Researching the WA State Legislature RCW's for LLC (which can include sole proprietorships) either can be one individual only. Under RCW 25.15.195, a member of a LLC is obligated to perform services, cash, contribute something to the LLC, or can have their proportionate interest eliminated. In my case, where I own the property in my name only, and the LLC is set up in my name, a spouse would not contribute anything; therefore I am not inclined to share my 100% interest. According to WA State legislature, I don't have to, especially if no contributions or services are made.

thanks. Hopefully draft adjustments can be made.

Rose

In a message dated 5/20/2013 4:03:43 P.M. Pacific Daylight Time, KJM@LIQ.WA.GOV writes:

Rose,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

A producer can produce as many lots they choose. The definition of "lot" is 2 pounds. The 30 day window for applying for a license will begin after the adopted rules are effective. At this time that date would be September 1, 2013 and last for 30 days. There are insurance companies that do insure this type of business.

Karen McCall

Rules Coordinator

WSLCB

360-664-1631

From: FarmRanchRose@aol.com [<mailto:FarmRanchRose@aol.com>]

Sent: Friday, May 17, 2013 4:37 PM

To: rules

Subject: draft

I can only find one mention of AMOUNT of marijuana allowed to be grown (at one location); a mention of 2 lbs per each 'lot' out of one genetic plant (??) It either means one cannot grow more than 2 lbs from one genetic (seedling) which seems very unreasonable...to have to grow such a large amount of different varieties... or that only 2 lbs are allowed to be grown, altogether (which would not make sense). No one is going to go to all the work and expense, and record keeping, and labeling and transporting for 2 lbs. I assume I read it wrong and there is NO limit to what one can grow (if they can afford it). I still feel being restricted to only 2 lbs (basically 2 plants) per each 'lot' is way too limiting and would create a paper trail nightmare.

I assume you mean the 30 days to apply for license will not occur until after your drafts are all completed, or by Dec. 2013.

I would prefer to see an agricultural expert (board) available to provide HELP with the fertilizing, cultivation, pesticide use, etc etc, cultivation, harvesting, similar to what crop field men do in growing agricultural crops. Such expert help would aid the knowledge of "when, how much", etc., needed. The draft seems to demand 'expert' crop growing and processing, but where does one get (find) such 'help'?

This draft seems awfully concerned re: penalties to be imposed if out-of-compliance. I believe there must be "proof" beyond a reasonable doubt, before any penalties are imposed.

Are there insurance companies out there that will insurance this type of operation?

Am somewhat concerned the product can only be grown in a greenhouse type atmosphere, as opposed to 'outside' with proper fencing, etc., and security (i.e.: the price of the operation increases dramatically). Also, why can't the "processing" of the product occur in another (similar or agricultural based) business?

thanks. First thoughts on draft.

Rose Adams

McCall, Karen J

From: McCall, Karen J
Sent: Monday, June 03, 2013 9:17 AM
To: 'Jim Wolfe'
Subject: RE: Question regarding multiple applications

No, you cannot hold a retailer license if you hold a processor or producer license.

From: Jim Wolfe [<mailto:jimwolfe4@comcast.net>]
Sent: Friday, May 31, 2013 9:31 AM
To: McCall, Karen J
Subject: Re: Question regarding multiple applications

...but we can apply for all three, correct?

JW

----- Original Message -----

From: McCall, Karen J
To: Jim Wolfe
Sent: Thursday, May 30, 2013 2:01 PM
Subject: RE: Question regarding multiple applications

Jim,

A person or entity can hold both a producer and processor but not a retail license. A retail license can have no ownership in the other tiers.

Karen

From: Jim Wolfe [<mailto:jimwolfe4@comcast.net>]
Sent: Wednesday, May 29, 2013 9:17 AM
To: McCall, Karen J
Subject: Re: Question regarding multiple applications

Thanks for the response, Karen.

One last question: Though we know we can not hold a license for more than one role, may we apply for a license to process as well as apply for one to grow and another for retailer? Our facility would be well suited for any of these.

Jim Wolfe
Vancouver, Washington
(360) 852-5007

----- Original Message -----

From: McCall, Karen J
To: Jim Wolfe
Sent: Tuesday, May 28, 2013 11:09 AM
Subject: RE: Question regarding multiple applications

Jim,

I have answered your questions below.

Karen McCall

Rules Coordinator
WSLCB
360-664-1631

From: Jim Wolfe [<mailto:jimwolfe4@comcast.net>]
Sent: Friday, May 24, 2013 9:02 AM
To: rules
Subject: Question regarding multiple applications

Good morning,

Thank you for taking a moment to clarify a couple of things regarding 502 applications.

If someone is a shareholder in more than one corporation, may each of those corporations submit an application? Yes.
May that person also submit an application as a sole proprietorship? Yes.

If an applicant has available to him/her more than one potential address of operation/retail, must that applicant submit more than one application, or may the applicant provide more than one address on a single application? Each application can only have one address. Only one applicant per location address.

Thank you in advance for your help. We look forward to working with the Washington State Liquor Control Board to roll out groundbreaking changes in a responsible, professional, and civic minded manner.

Jim Wolfe
Vancouver, Washington
(360) 852-5007

McCall, Karen J

From: McCall, Karen J
Sent: Monday, June 03, 2013 11:35 AM
To: 'STEVEN MITCHEM'
Subject: RE: 502 Draft questions and responses

The business location address for the proposed business must be included on the application. The business location address is required to process a marijuana application. Local governments must be notified and LCB must ensure the location is not within 1000 feet of certain businesses or facilities. The application cannot be processed without the business location address.

It would seem that leases should be contingent on the applicant being granted a marijuana license. If that were the case no money would be lost on a lease when a license was not issued.

The market will determine the price of marijuana.

If a person holds a producer/processor license they can sell directly to a retailer and only pay 25% from the processor level on the sales to retailers. All processors pay the same 25% on all sales to retailers. Producers can't sell to retailers. Producers can only sell to processors. The producer pays 25% on all sales to processors.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

rom: STEVEN MITCHEM [<mailto:mitchemsteven@msn.com>]
Sent: Monday, June 03, 2013 11:09 AM
To: rules
Subject: 502 Draft questions and responses

Can there be a to be determined address for retail license applicants for the initial application period with possibly a home or owner address instead. The issue is that a potential applicant would possibly need to lease and pay for a retail space and leave it empty for months up and to the time and only if they were successful in obtaining a license. Many leases for retail space are 3 year leases and the leasee could be out tens of thousands of dollars if they were not awarded a retail license. An owner address should be fine and a requirement of assigning a address could be made withing 45 days of opening of a retail space after the applicant has been awarded a license. This would give the board ample time to inspect the space or review the business plan without having applicant be exposed to a severe financial hardship.

Is there going to be any fixed pricing structure in place or will all pricing be at free market.

Can a Producer/Processor license sell directly to a retailer with only 1 25% tax to be paid. This appears to be a great idea and it will keep the price of product down which is important to compete with black market product. However this would seem to make obsolete the concept of a processor only. A processor only business would not be able to compete with a Producer/Processor as they would have to pay an additional 25% in taxes which would not allow them a sustainable profit margin in which to operate.

McCall, Karen J

From: McCall, Karen J
Sent: Monday, June 03, 2013 11:28 AM
To: 'STEVEN MITCHEM'
Subject: RE: I 502

Retail businesses cannot package product. The processor packages all useable marijuana and marijuana-infused products to sell to retailers. Useable marijuana can be packaged in any size package up to one ounce.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: STEVEN MITCHEM [<mailto:mitchemsteven@msn.com>]
Sent: Monday, June 03, 2013 11:18 AM
To: rules
Subject: I 502

Can a retail business own and utilize a weigh scale to break down product into smaller increments for sale to consumers. WAC 314-55-095 seems to limit sales to 1 OZ of product. It is important to offer smaller size sale increments to end user. If retailer does not do this then the processor will have to. Retailer needs a scale to confirm accuracy in weight received as welo.

Green house restriction on Producer should be changed. Producers should be allowed to grow outside. If must have a green house then why not allow for a soft sided green house instead of a hard sided only. Security requirements should still allow for outdoor production.

McCall, Karen J

From: McCall, Karen J
Sent: Monday, June 03, 2013 11:42 AM
To: 'tombailie@hotmail.com'
Subject: FW: thoughts

Tom,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Steenhout, Michael L
Sent: Monday, June 03, 2013 9:45 AM
To: rules
Cc: 'Tom Bailie'; rjg@lig.wa.gov
Subject: RE: thoughts

FYI. Comments on the draft rules from Tom Bailie.

From: Tom Bailie [<mailto:tombailie@hotmail.com>]
Sent: Monday, June 03, 2013 9:39 AM
To: Steenhout, Michael L; rjg@lig.wa.gov
Subject: FW: thoughts

Hi Rick,

Can you please forward to appropriate section.

Most of my concerns are basically will the state stand tall for me? And how can I get that magnanimous concept reduced to paper for my wife and attorney to read?

Of course the others are find me a bank, and an insurance company that will provide the services needed to operate under the authority of this producer license? And how can I comply with the Irs code 280e to deduct operating costs.

I can't waive my 4th amendment right and allow any law enforcement to arbitrarily show up unannounced at my garden on a fishing trip. WSLCB okay any time!

Wac 314-55-015, # 5 second line change to, access, governed by the 4th amendment..

11 second line - premises, except in specifically designated private areas.

Wac 314-55-082 add 1c WSLCB will compile a list of what companies will provide insurance.

Wac 314-55-082 #3f strike the words, or law enforcement officer.

4d strike the words are transported and replace with have been transported. No one should know when except the licensee for obvious reasons.

Best regards

tom

McCall, Karen J

From: McCall, Karen J
Sent: Wednesday, June 05, 2013 10:50 AM
To: 'Jon Hofer'
Subject: RE: I-502 Suggestions & Comments

Jon,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Jon Hofer [mailto:jon_hofer@msn.com]
Sent: Wednesday, June 05, 2013 9:32 AM
To: rules
Subject: I-502 Suggestions & Comments

To whom it may concern,

My name is Jon Hofer and I am an up and coming consultant for the Marijuana Industries. Please find my attached comments and suggestions in regards to the I-502 initial draft rules. Thank you for your hard work and allowing me the opportunity to send in my suggestions. If you have any questions please feel free to contact me.

Thanks

Jon Hofer
206-227-9968

INITIATIVE 502 DRAFT RULES -
COMMENTS REGARDING PRODUCER, PROCESSOR, AND RETAILER TO THE
WASHINGTON STATE LIQUOR CONTROL BOARD

JUNE 1ST, 2013

INTRODUCTION

My name is Jon Hofer and I am an up and coming business consultant for the MMJ (Medical Marijuana/Medical Cannabis) and RMJ (Recreational Marijuana) business industries. I am an accomplished goal-orientated professional with over 15 years of business success on a national level in Account Management and Business Analysis. I have a proven track record in delivering exemplary results in Corporate America for successful business planning maximizing "ROI" by utilizing Business Development and Project Management. I'm a savvy individual with extremely high motivation and determination along with having a dynamic range of qualifications and skills from corporate Marketing at the House of Blues and Fortune 500 Sales management at CenturyLink. Along with having developed and operated multiple retail stores that have been niche specific. I feel I bring common sense and a fresh but very knowledgeable insight to these emerging industries.

OVERVIEW

As I mentioned above I try to bring a fresh perspective to these industries. In the sections to follow I will be addressing some of my concerns for the State of Washington, Primary Businesses involved and its consumers. My goal is to bring to light some of the things you might not see in the comments that are received by the Washington Liquor Control Board.

- ❖ Section 1: Licensing and Quantities [page 1-4]
- ❖ Section 2: The State of Washington [page 4-5]
- ❖ Section 3: Traceability, Labeling, and Packaging [page 5-6]
- ❖ Section 4: Waste Disposal [page 6]
- ❖ Section 5: Close [page 7]

SECTION 1:

LICENSING AND QUANTITIES:

The Board's rules should promote organic and in-organic growth for the state as an emerging business industry along with eradicating the black market. This is obviously one of the more difficult tasks and more delicate and potentially most impacting regulations to implement. The numbers are daunting and can have so many variables that it can confuse the most analytical thinker. The numbers I use below are simple but quite real and below my predicted consumption.

The numbers below are only based on DRY FLOWERS.

(Not included are edible and concentrate consumption)

500 Retail stores = **\$1,003,750,000.00**
(WA Tax @ 75% = **\$752,812,500**) *sales tax not included*

How did I get that number?
\$12.27 a gram = **\$5,500 a lb.**
(Retail averages 1lb a day) **1 store = 365lbs/year**

(365 lbs. x 500 stores x \$5,500) = \$1,003,750,000.00 ^

Colorado's first year of its heavily regulated medical industry had over 1100 stores. Today they have over 700.

Based on the above consumption and the average growth rates of the many different marijuana strains your average yield per plant is 2 oz.

365lbs 1 store x 500 stores = **182,500lbs / year**
40 Plants = 5lbs: **2,920 plants / store**

RECOMMENDATIONS FOR LICENSING AND QUANTITIES –

How to predict how many Producers and Retailers by population and consumption that would keep the market flourished with **affordable product** and at the same time beating out the black market and still encouraging organic and in-organic growth? A big question for the community and its emerging business ventures is how much and how many. That could be the difference between a monopoly and a fair business market. I feel you would be doing harm to the consumers and other businesses by only allowing 5,000 plants plus grow operations.

Below is a suggested tiered licensing. See amount/Lot numbers and quantities next to price below for suggested Licenses. This also allows for market adjustment if there're too many or not enough licenses/product in that geographical area with a more detailed and definitive approach. This also opens the markets which I think is very crucial to the success of this Industry in Washington State.

SECTION 1: CONTINUED

Suggest tiered licensing for: Producer/Processor Licensing

(Same can be done for just "Producer" and the amounts can be divisible by how many harvests per year and that would be their allowed limits)

- Large Business Fee \$1500.00 (allows 4500 plants @ 562lbs – 640lbs /year)
- Medium Business Fee \$1000.00 (allows 2500 Plants @ 312lbs – 400lbs /year)
- Small Business Fee \$500.00 (current rate) (allows 1000 Plants @ 125lbs – 200lbs /year)

You could incorporate the tiered License fees for a Processor as well:

(The allowable amounts can be divisible by how many Producers harvests per year or/also depends on the ratio of Processors to Producers)

- Large Business Fee \$750.00 (Allows 562lbs – 640lbs /year)
- Medium Business Fee \$500.00 (Allows 312lbs – 400lbs /year)
- Small Business Fee \$250.00 (current rate) (Allows 125lbs – 200lbs /year)

Suggested Uses of the Different Licenses:

Retail, Producer, Producer/ Processor, & Processor Licenses

Retail License – (self-explanatory) includes 25% and city sales tax.

Producer = Any Business Cultivating Marijuana Material & Wholesaling to Processor -

I would suggest that these applicants only provide dry flowers/plant material to a Processor. This Licensee would only grow and sell his products to a Processor @ 25% tax rate. The "Processor" then processes the producer's product. Creating their new product and then distributes to retail and taxed 25%.

Producer/Processor = Any Business Cultivating Marijuana & Wholesaling to Retail -

For the numbers I have provided this is where I would suggest the bulk of your licensing. The key to this would be if you're able to lump the tax together. Meaning for this Licensee they only pay 25% tax rate from Producer to Retail. As it is written now Producer has to sell to Processor and Processor sells to Retail. This creates a middle man for reasons not known that seem counterproductive and unnecessary. This also allows for more realistic prices for the primary businesses and the consumer at the end level.

Processor = Any Business Processing and/or dealing with Marijuana Material –

This would include edible manufactures; concentrate manufactures, packaging facilities, testing facilities any organization dealing with possession of marijuana. As well as any organization licensed as a "Processor" that process's marijuana infused end product. Which then are taxed 25 % when sold to retail.

Truly the state of Washington wants to promote business and environmental growth and at the same time generate its own additional revenue. That's why it needs to be fair and just. This is a new industry and very diverse and because of its complexity you should want as many revenue and market avenues as possible. If you're looking to open the door for large corporations like the Philip Morris's and such, you won't have to make many revisions. However, if any business has to give away 35% to 50% of their revenue on taxes it makes it very difficult to operate let alone make a profit. "Keeping in mind it is still federally illegal and there isn't any protection for companies or individuals"

SECTION 1: CONTINUED

In regards to a producer that has the highest overall overhead out of all the applicants. Pays a 25% tax on their end product and at the same time has to adjusting the wholesale value based on the Processor's resale and taxation to a retailer. This particular License needs heavy consideration for how to make the business model sustainable for 1 and profitable for 2. The more plants you allow the more overhead it will cost.

Below we will use the 10,000 plant model in Denver, based on the reported investment start-up of a Mid-size Denver 2,000 plant, 10,000 square feet facility and 68,000 watts. Start-up was over \$500K.
(Please note that NO product will be available for 3-4 months and Monthly expenses add up.)

10,000 plant start-up = \$2.5 Million
(10,000 plants / 40 Plants x 5lbs = 1,250lbs)
This facility produces "ONLY" for its multiple retail outlets.
@ \$5,500lb x 1,250lbs = \$6,875,000.00 (multiplied by 2 or 3, depending on harvests/year)
CO. total tax rate 2.9% = \$199,375 Taxes / Leaving \$6,675,625.00 to producer/retailer.
WA total tax rate @ 85% = \$5,843,750.00 Taxes
Leaving \$1,031,250.00 to (Producer/Processor/Retailer)
WA tax rate @ 25% (producer) Wholesale 1lb price @ \$1,000
\$1,000lb x 1,250lbs = \$1,250,000.00 @25% Taxes = \$312,500.00 / Leaving \$937,500.00 to Businesses

Based on the businesses models and standards above they would not be paying their employees minimum wage. It would take an average of 1 employee to manage 50 plants. That's 200 employees for 10,000 plants.
\$937,500.00 x 3 (harvest per year) = \$2,812,500.00
\$2,812,500.00 / 200 employees = \$14,062.5 Annual salaries.

SECTION 2:

THE STATE OF WASHINGTON COVERING ALL AVENUES OF THIS INDUSTRY:

There are many concerns as a whole on how to allow this market to be beneficial for everyone involved.

Suggested areas of focus to the Washington Liquor Control board:

Equal Opportunity – Licenses need to be available equally for the corporate business to the mom and pop business opportunity. "We are not all Angels and Nuns"

<http://washingtonstatewire.com/wacannabiswire/can-a-40-inch-sign-help-produce-billions/>

There are more rules on who and who cannot be involved in this business than there are on how to regulate this business. I think it's a great start, but this is the piece that goes with eradicating the black market. If you want to get rid of the black market you have to get rid of the people running it. You will be preventing legitimate business men with bad backgrounds as well as black market business men from entering due to your strict background requirements. You ask why we would want those people setting up a business. Well if the business model is heavily regulated and under constant supervision from seed to sale, what would be the need to prevent so many types of people from being approved a license? At the level you're looking at now you will have organized crime being major players, similar the way the mob did in Las Vegas.

SECTION 2: CONTINUED

Hemp – This has the potential to change the dynamics of I-502 and allow even a much bigger picture. This could increase additional taxed revenue along with an exploded agricultural market in the State of Washington. The security for outdoor Hemp is minimal as this is not a sought after product at the consumer level. Meaning there should not be many issues with outdoor crops compared to its THC totting counterpart.

Allowing Hemp production gets us closer to decreasing our carbon footprint and becoming a greener state. See facts about Hemp here. <http://www.thehia.org/facts.html>

Denver and Hemp - http://www.denverpost.com/breakingnews/ci_23232417/first-major-hemp-crop-60-years-is-planted

Concentrates – I have seen comments that these particular infused products are more addictive because of their potency profile which also leads to the trial of other heavier drugs. Preventing this product to go to market is a huge mistake profiting wise and scientifically. There is more value in concentrates than most recreational marijuana flowers. That being said it should all depend heavily on how it is produced. As a Processor your equipment and quality standards are going to affect your end product. With the quality standards and health safety concerns fully addressed and regulated on how a processor can process concentrates. You should be left with a safely processed and medically tested end product that is safe for adults 21 and over and advertised as such.

SECTION 3:

TRACEABILITY TO INCLUDE PACKAGING & LABELING AT ALL TIMES

The Washington State Liquor Control Board should strongly consider that at all times for Traceability, Public Health and Safety concerns for all Transportation, Storage, Curing, and Processing the Marijuana and Marijuana infused products are labeled the same way as WAC 314-55-105 for packaging and labeling requirements that you set for Retail. I think that section was defined perfectly with the exception that it only referred when sold at retail. Again for Traceability it's a lot easier to follow all the different products from seed to sale when there is a uniform way of tracking it with the use of the labeling and packaging from the beginning of the process. Not to say it can't be repackaged 3 different times, twice at wholesale and once at retail.

SECTION 3: CONTINUED

I would recommend also for simplicity, user friendliness, and again a uniform approach for complete traceability the Liquor Control Board and the State of Washington provide the (SaaS) software as a service for the many different Licensees.

This web base portal would have a customer login. All the Licensee's information and messages from the state would be in one place. Here they would be able to access the different software services provided. See examples below.

Point Of Sale services
Tax reporting and collecting services
Security screening/viewing services
Complete traceability services
Fines and renewal services

If not you could end up in the beginning with over 500 different software services and trying to figure each one out individually, all while information is being lost or not reported.

SECTION 4:

MARIJUANA WASTE DISPOSAL

A large part of this would determine on the size of the operation's you allow. But let's use 1000 plant grow operations. That's 125lbs of dry flowers and based on your lot info for waste, you figure multiple that 125lbsx3 and that is your complete waste (375lbs) pounds. According to section WAC 314-55-097 of the draft rules that would be quite difficult to dispose of. Are we filling up our already overfilling waste resources? Based on what is in that section there will not be any options.

2011 was 16.1 Million tons and based on the numbers in section 1 of this draft. We would be adding 273.75 tons of just marijuana Solid/Recycled waste in one year.

http://www.ecy.wa.gov/beyondwaste/bwprog_swGenRec.html

I would like to suggest you consider a marijuana waste management service that only handles the waste after it has been reported to the "board" and disposed of in a state approved disposal facility.

SECTION 5:

JUST TO RECAP AND CLOSING

I make these suggestions in the best interests of all parties involved the State of Washington, the Producers, the Processors, the Retailers, and the Consumer. Because of this industry you will have a number of people that will invest in this opportunity. Some will invest for the right reasons and others will not. I believe it will take having the right people with the right intentions to make this industry successful for the state of Washington. This is the primary reason I feel the need to become a third party consultant to the industry. Regulation, organization, and management are the fundamentals of any successful operation and this industry should not be treated any different. With a tremendous amount of morals, integrity and passion for this industry along with common sense to know the difference between right and wrong we can only hope for more professionals with the same. For what the Liquor Control Board has been tasked with they have made some great progress. I feel they even have gone above and beyond what some had expected. I personally appreciate the opportunity to send my suggestions in and have my voice heard. Having said that, if this paragraph or section is all that is read please consider the following:

Consistency & adequate access: (Providing affordable access to the State as a “Whole” and not just populated Western Washington, and specifically King County.)

Open & fair business market: (Small, midsize, to large businesses.)

Tiered Licensing: (Allows more profit in licensing fees and opens the market.)

Consistent Packaging: (From Producer to Processor to Retailer.)

Uniform Software services: (POS, Traceability, and Taxes.)

Concentrates: (Scientific numbers do not lie. With the testing and Quality Assurance the end product is as safe as consuming flowers and less carcinogenic.)

Waste Management: (Would the WAC code for disposal put risk on the waste management “facility picking up trash” to allow them to pick up garbage cans containing more than the legal limit of 28 grams of waste? Even if it has been reported to the board as unusable it will still meet the .03 THC profile.)

Public Safety and Health: (I just want to recommend that these areas are addressed correctly by facts and public documentation and not upset citizens and political figures by the passage of I-502. It does the industry and OUR state no justice by heavily over regulating products and processes in the name of PUBLIC SAFETY & HEALTH. It is nonproductive to the percentage of citizens who voted for the legalization of Recreational Marijuana.)

Advertising: (I would suggest that advertising be given the same rights as other products, with the exception to any advertising done by FCC regulated organizations. I do feel there needs to be regulations on sex, marijuana leaf, and underage focused advertising. However, if I’m driving down the road how will I know what a business is by name? If, I was able to even see what was displayed by regulations under WAC 314-55-155. For the MMJ industry you see a cross, there will need to be some sort of recognition as well for the RMJ industries and it will need to be bigger than what is suggested.)

I would also like to note that with the regulation of medical cannabis it would increase the overall revenue by more than 50% for the State of Washington. One example is to allow Medical Gardens to sell to Retail, by entering the Traceability System and in return paying 25% tax. But that is for another time and a different set of comments

Thank you for your time.

McCall, Karen J

From: Bryan Doran [bryandoran76@gmail.com]
Sent: Monday, June 03, 2013 2:33 PM
To: McCall, Karen J
Subject: Re: Public Comment Regarding Testing

Thank you, Karen. I had two other questions that I can convert to comments for consideration.

First, I asked whether the rules allow a producer-processor to lease a portion of its space to a licensed retailer. As I read the rules and law it is permitted, and I do not think a new rule clarifying that is required -- but I bring it up in case I am wrong and this relationship is deemed prohibited. I would advocate for permitting such a relationship for the following reasons. First, the law allows it as a lessor-lessee relationship is not an ownership interest -- indeed the producer and retailer will be transacting in products and if that is allowed then a transaction over rental space should not offend the enabling statute's prohibition on mixed licensing. Second, there are profound security and cost advantages to housing retail operations adjacent to producer operations. If transfer can be made by hallway, rather than truck, the advantages are overwhelming. Keeping large quantities of cannabis off the highways and streets could be an excellent security/anti-diversion advantage and furthermore reduces the business cost of transportation and insurance. Cost reduction is crucial to out-compete the illegal market.

Second, I asked where potential producers were expected to acquire their product. Seeds or clones must be in place for the cannabis product to grow. We can get equipment legally, but are aware of no legal mechanism to obtain start-up plants. Nor does the statute offer a mechanism. My company has analyzed this thoughtfully and believe the only legal way to accomplish this is by receiving donations from medical cannabis collective gardens and/or individuals that are compliant with state medical cannabis law. Such donations would have to be received after a license has been obtained, at which time the licensed grower could legally possess. My analysis of the two state laws suggest the LCB would have the authority to permit the *purchase* of cannabis seeds and plants from persons authorized to possess such materials under state law, but absent that directive anything short of a donation post-license appears prohibited. I would recommend rules clarifying the source material for new plants, and allowing for either donation or purchase of source plant materials from compliant cannabis patients or providers.

Thank you in advance for your consideration of my comments and the opportunity to contribute my concerns. Our company is an interesting mix of lawyers and businessmen who are devoted to compliance, and also are being thoughtful in business plan development. I am hopeful this combination generates insights and perspectives that are helpful to the LCB in its admirable task. We are truly at your disposal if we can provide any assistance of any kind.

Sincerely,

Bryan Doran

On Mon, Jun 3, 2013 at 1:47 PM, McCall, Karen J <KJM@liq.wa.gov> wrote:

Bryan,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall

Rules Coordinator

WSLCB

360-664-1631

From: Bryan Doran [mailto:bryandoran76@gmail.com]

Sent: Tuesday, May 28, 2013 2:11 PM

To: rules

Subject: Public Comment Regarding Testing

Thank you for the opportunity to provide public comment. I would ask the Board to reconsider its testing regime. The current proposed lot definition of 2 pounds will put significant financial pressure on processors, making competition with illegal markets (and quasi-legal medical markets) that much more difficult. Further, the definition does not reflect the realities of commercial grow operations. Finally, there are less costly alternatives to achieve the same goal.

Testing is vital, and it informs consumers about both cannaboid concentration and the presence of impurities. However, there is significant variance in the plants per yield depending on the manner of grow operation. Large plant operations may yield a half pound per plant. Small plant operations (tube based hydroponics) may yield an 1/8 of an ounce per plant. Small plant operations take up less space per plant, and can produce an overall larger yield, so it is not a foregone conclusion that growers will opt for large plants. This is significant because cannaboid concentrations vary based on genetics. Each clone can have a variation in genetics, albeit slight, and thus a 2 pound limit may capture 4 plants, or 40, and is thus an imprecise measure of potential genetic variation in a given lot. I would suggest a plant based system of measurement, although this would provide a distinct disadvantage to tube-based hydroponic systems. If a pound-based system is favored, I would encourage a much higher poundage per lot.

A larger lot size would be equally effective because the genetic variations among clones from the same mother plant appear to be slight. Further, concerns regarding impurities, including pesticides, can be addressed with quality assurance certification at a grower/processing facility. Cannabis produced from a facility that is clean,

certified organic, that properly flushes nutrient tubes, and otherwise satisfies cleanliness standards has very low risk of impurities. A larger lot size, if coupled with certification of facility, could serve the same laudable goals in the regulations. Perhaps facilities that can achieve certification might enjoy a variance from the testing regime.

The costs are significant. Testing is in its infancy and is incredibly expensive. Further, there is the serious problem of transporting cannabis to a given facility. Presumably, this must be done by vehicle as outlined in the statute with respect delivery to retailers. The added costs and potential delays are a serious concern. Testing is necessary, but I ask the Board to reconsider the frequency of testing given the serious costs it will add and scant benefits it will achieve.

If I can be of any service as you continue your admirable efforts, I am at your disposal.

Sincerely,

Bryan Doran

McCall, Karen J

From: McCall, Karen J
Sent: Monday, June 03, 2013 1:51 PM
To: Cho, Michael
Subject: RE: Pre-proposal #13-09 Marijuana Retail Licenses and Requirements (attached added)

Michael,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Michael Cho [<mailto:mcho1004@yahoo.com>]
Sent: Tuesday, May 28, 2013 11:41 AM
To: rules
Subject: Pre-proposal #13-09 Marijuana Retail Licenses and Requirements (attached added)

Sorry, I forgot to attach the comment document. See the attached.

Michael Cho
425-220-2542

From: Michael Cho <mcho1004@yahoo.com>
To: "rules@liq.wa.gov" <rules@liq.wa.gov>
Sent: Tuesday, May 28, 2013 11:39 AM
Subject: Pre-proposal #13-09 Marijuana Retail Licenses and Requirements

Dear Rules Coordinator,

On behalf of Washington Liquor Store Association, I like to submit the attached comment for Pre-proposal #13-09. Although the comment submission date has passed, I ask the board to consider this comment in making new rules for #13-09.

Thanks,

Michael Cho
Director & Secretary
Washington Liquor Store Association
425-220-2542

Washington Liquor Store Association

P.O. Box 918, Mukilteo, Washington 98275 Tel. (425) 220-2542 / Fax (425) 353-1444

May 28, 2013

Rules Coordinator
Washington State Liquor Control Board
PO Box 43080
Olympia, WA 98504-3080

Re: Pre-proposal #13-09 Marijuana Retail Licenses and Requirements

Dear Rules Coordinator:

On behalf of Washington Liquor Store Association (WALSA) which represents former state and contract liquor store owners and right holders, we ask the board to consider the following comments into the proposed rule making #13-09.

1. A procedure for selecting licensees among a pool of qualified candidates

The proposed draft rules establish the requirements for qualifying a candidate for a marijuana retail license based on criminal history, prior violations, residency, operating plan, etc. However, the draft rules do not provide any mechanism for selecting better qualified candidates from a pool of candidates. Instead, a "random drawing" is proposed as the means for selecting license candidates. Although this could be a simple method for selecting one out of many candidates, it would not be the best way to select more socially desirable licensees for such tightly regulated retail business. If a marijuana retail license would have any monetary value or serve social utility (and we believe it will carry some monetary value, once issued, and the licensing process has important social implications), a random drawing serves no apparent public policy goals and does not reward better and more qualified candidates. It would be better if the rules can provide a procedure for selecting more desirable persons or firms among the qualified candidates.

Accordingly, we propose that SLS and CLS right holders be given a priority right to apply for a separate marijuana retail license. There are many advantages with this proposition: (1) SLS and CLS are well distributed across the entire state; (2) SLS and CLS licensees have been licensed by the board and their background checks completed; (3) they are engaged in off-premises retail of "controlled" merchandise; and (4) the priority right can give SLS and CLS right holders, who have suffered most from the unintended consequences of the liquor retail privatization, some relief by providing a new business opportunity. Because this priority right would be given to SLS and CLS as an optional right, the board should not, and will not, be held responsible in any way for the SLS/CLS right holders who decide to exercise their priority rights.

Alternatively, We believe a point system that would reward the persons or firms who have proven track records for operating the retail business that is similarly regulated by the liquor control board would also work well. For example, the board may assign certain numerical points for certain type of license holders, as follows:

Washington Liquor Store Association

P.O. Box 918, Mukilteo, Washington 98275 Tel. (425) 220-2542 / Fax (425) 353-1444

- A holder of off-premises spirits retail license - 10 points
- A holder of medical marijuana retail license - 10 points
- A holder of tobacco or cigarette retail license - 5 points
- A holder of off-premises beer and wine retail license - 5 points

Under such point system, an owner of a convenience store selling beer or wine and cigarettes will be awarded 10 points while a SLS or CLS spirits retail licensee selling spirits, beer/wine and cigarettes will be awarded 20 points. Such point system can be tailored to serve desirable public policy goals. Basically, such point system will give SLS and CLS spirit retail licensees a preferred status in applying for a marijuana retail license, in recognition of their prior licensing history and track record as well as their past public services or financial contributions made to the liquor control board.

2. A need for limiting the maximum number of licenses

The last thing the State would want to have is a situation where a large chain of marijuana retail stores controls the retail market. The marijuana retail market should be served by local small business retailers, and thus a person or firm should not be permitted to hold no more than three (3) licenses in total. Such limitation will assure that no single merchant will dominate or control the market.

3. A need for tighter residency requirement

We should make the rules difficult for out-of-state drug dealers or other out-of-state merchants of questionable background to qualify for the marijuana retail licenses. A minimum residency requirement for two (2) years as of the date of application would be reasonable but better serve the public policy goals.

In conclusion, the draft rules should provide a mechanism for favoring local small businesses who have prior licensing history with the regulatory agency and those candidates whose selection as a licensee will serve good public policy goals.

Sincerely,



Michael Cho
Director & Secretary
Washington Liquor Store Association

McCall, Karen J

From: Gary Witherspoon [healinhand@yahoo.com]
Sent: Sunday, June 02, 2013 2:23 PM
To: rules
Subject: I-502 Initial Draft

All,

This is SO bad, I'm not sure where to start.

This will only serve to eliminate/discriminate against the small entrepreneur, and guaranty the current black market will continue to thrive.

Thanks,
Gary

McCall, Karen J

From: McCall, Karen J
Sent: Monday, June 03, 2013 11:44 AM
To: 'Ron Burke'
Subject: RE: Comments on Draft Rules I502

Ron,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Ron Burke [<mailto:rburke@cortexmed.com>]
Sent: Monday, June 03, 2013 9:37 AM
To: rules
Subject: Comments on Draft Rules I502

I have a few questions and maybe a comment

For Clarification - The rules state

“New Section. WAC 314-55-102 Quality Assurance Testing

- (1) A person with financial interest in an accredited third-party testing lab may not have direct or indirect financial interest in a licensed marijuana producer or processor for whom they are conducting required quality assurance tests.”

I have a location and meet the requirements to be an accredited third-party testing lab, but I hold a Producer and Processor License. Form the rules I understand, I could test others product and certify them, but I MAY NOT CERTIFY my own product.

Requested Rule Change

“New Section. WAC 314-55-075 What is a marijuana producer license and what are the fees related to a marijuana producer license?

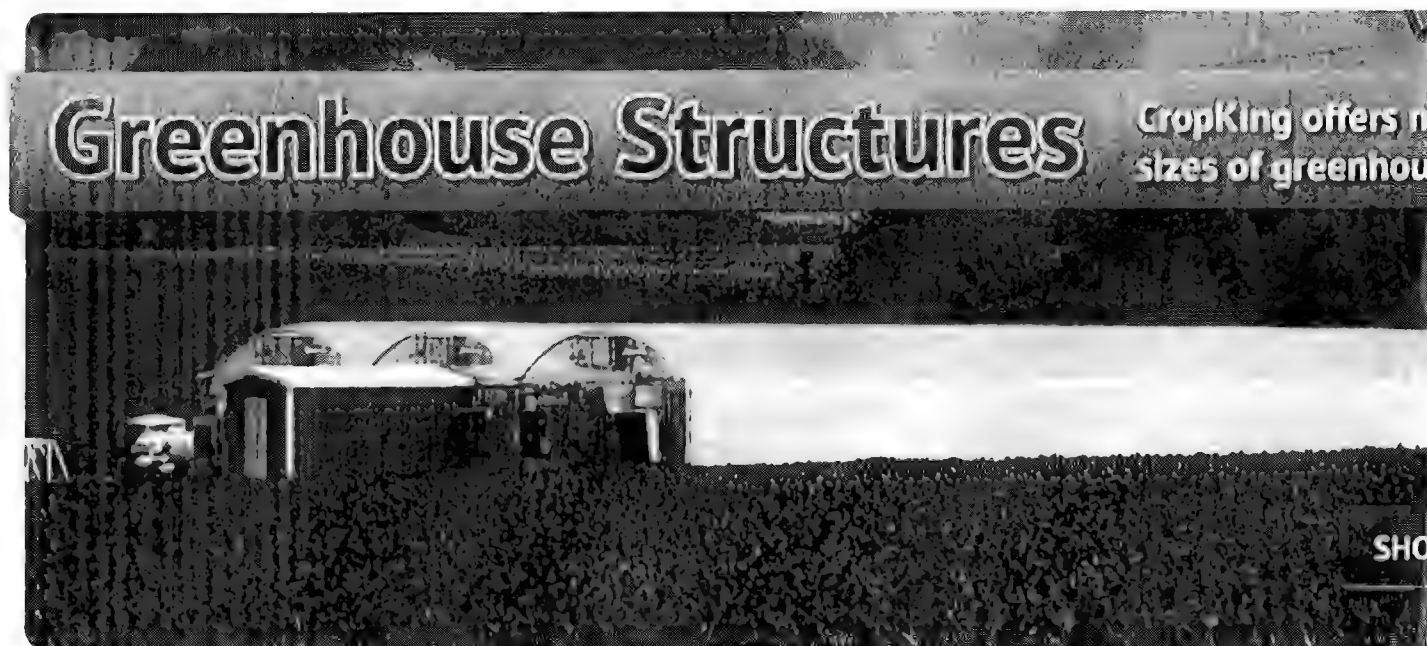
- (1) A marijuana producer license allows the licensee to produce marijuana for sale at wholesale to marijuana processor licensees and to other marijuana producer licensees. Marijuana production must take place within a fully enclosed secure indoor facility or greenhouse with rigid walls, a roof, and doors."

In this rule it is stated - "greenhouse with rigid walls, a roof, and doors"

My request would be to allow for Commercial Double Walled Green House built on a slab secured with a 8' perimeter fence. It should include monitored access via video surveillance.

I feel this would provide as much if not more security than a simple rigid wall structure. Crop King has systems of all sizes that could grow as the business grows. The Company offers classes in Hydroponics and Business Management, that almost everything is transferable from the commercial Tomato Business.

There would be no way to simply walk up and "pull" product through a wall. It would still meet the requirement of entry doors and roof access. This is not a simple cold frame where sides and walls would be opened and left insecure. Unlike some Rigid Walled structures the walls are not clear.



Crop King is just one example, Green House must be built in a slab or perimeter foundation and secured to such so that access is allowed only from a secure door. And if soft sided the covering is not easily removed, or opened, and secured using a perimeter fence. If it were me I would install 2 perimeter fences with a minimum of 15 feet open space or "Dead Zone".

Thank you for your consideration,

Ron Burke
Cortex Medical Management Systems
2107 Elliott Avenue Ste# 207
Seattle WA 98121
O: (206) 812-6981 x5003
F: (206) 812-6987
E: rburke@cortexmed.com

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McCall, Karen J

From: McCall, Karen J
Sent: Monday, June 03, 2013 12:08 PM
To: 'nlewisows87@Yahoo.com'
Subject: RE: [Proposed Rules] Implementation of I-502 regulations

Nate,

The marijuana retailer license is the only license that allows sales of useable marijuana and marijuana infused products to customers. No other products are allowed to be sold by a marijuana retailer licensee. No water, soda, chips, or non marijuana food. A food-cart operation would not qualify for a marijuana retailer license. Any marijuana infused products must be made by a marijuana processor licensee.

The initial draft proposed rules are on our website. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

-----Original Message-----

From: Washington State Liquor Control Board [<mailto:nlewisows87@Yahoo.com>]
Sent: Friday, May 31, 2013 12:49 AM
To: rules
Subject: [Proposed Rules] Implementation of I-502 regulations

Nate Lewis sent a message using the contact form at <http://www.liq.wa.gov/contact>.

In address to the rules coordinators of the WSLCB:

My name is Nate Lewis , and I'm writing this in regards to your pending institution of the policies/regulations pertaining to I-502. I'm hoping to invest in a food-cart style business, and ultimately into a small cafe in the year or two following, and I had a few questions about how to go about starting a business in this new market.

What kind of restrictions will there be on where a food cart can be set up, aside from the obvious, such as not opening one near a school, etc.?

I intend to apply for a retail license in September. At my food cart, I would be selling desserts only to adults over 21, made both with and without cannabis, if the statutes and guidelines allow it. But where could these desserts be made? Would I be allowed to bake them at my home in Washington and sell them at my food cart? Or are they only allowed to be made on-site?

Would I be allowed to also sell coffee at such a food stand, the same way a liquor store also sells soda? Or would I be limited strictly to food products containing cannabis?

Desserts that are made with cannabis are intended to contain different strengths, so that those less accustomed to marijuana can have something that won't be overwhelming for them. What do you estimate will be the recommended limit for strength? (Such as THC percentage)

With a lot of people potentially showing up to voice their opinions on the rule-making process in late July at your public hearings, would it be necessary to reserve a spot? Is there a limit to how many people will have a say?

What will be the limit for how many "edibles" a retailer can possess at one time?

What sort of records will I need to keep, in order to prove to auditors that I'm operating within the restrictions of I-502?

I thank you for your time in considering these questions. -Nate Lewis

McCall, Karen J

From: McCall, Karen J
Sent: Monday, June 03, 2013 11:58 AM
To: 'DEBORAH EVANS'
Subject: RE: Initiative 502 Initial Draft Rules

Deborah,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: DEBORAH EVANS [<mailto:de14ns35a@msn.com>]
Sent: Saturday, June 01, 2013 2:46 AM
To: rules
Subject: Initiative 502 Initial Draft Rules

I have a few changes that I would like to see added:

- Under new section WAC 314-55-105, Packaging and Labeling requirements, the statements under numbers 7 and 8 which read "For use only by adults 21 and older. Keep out of reach of children;" should be changed to include a statement that says something about not allowing children to breathe in the second-hand marijuana smoke because if they are in proximity to the smoke, they could breathe it in and get high and suffer lung damage. People are getting fired from their jobs after testing positive for drugs after breathing in second-hand marijuana smoke. (And when I think of all of the tobacco industry lawsuits that were won by smokers and the insurance industry, the passing of this initiative seemed totally irresponsible and crazy.)
- Under the regulatory violations, I would like to: 1) Add a statement saying that it would be a felony to lace the marijuana with any other controlled substance like LSD before being sold. 2) Add statements saying that marijuana shouldn't be smoked in public places: restaurants, bathrooms, parks, concerts, et cetera where there is a possibility of others being forced to breathe the smoke in. 3) There should be clear regulations concerning parents smoking it in their homes around their children. The state and police really can't monitor this type of situation but there needs to be consequences for those parents or any adult or juvenile who are caught getting children high.

Thank you.

Sincerely,

Deborah Evans
(425) 512-8336
de14ns35a@msn.com

McCall, Karen J

From: McCall, Karen J
Sent: Monday, June 03, 2013 11:57 AM
To: 'John Klise'
Subject: RE: Producer for Washington State marijuana

John,

To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation. The initial draft proposed rules are on our website. The answers to your questions are in that document.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

-----Original Message-----

From: John Klise [<mailto:john.klise@gmail.com>]
Sent: Saturday, June 01, 2013 8:30 AM
To: rules
Cc: James Stephenson; Joe Meagher
Subject: Producer for Washington State marijuana

I am a grower in California and a Disabled Vet (100%)... and would like to have the most current guidelines to obtain a wash State license.

I would also like your most current regulations on how much I could grow ... Estimated price ... and any Quality control guidelines.

Pls advise...I am prepared to become a State resident ... And apply for a growers business license.

Is there a POC that I could discuss this with??

Pls advise
John
757-478-0490

Sent from my iPhone

McCall, Karen J

From: McCall, Karen J
Sent: Monday, June 03, 2013 11:55 AM
To: 'Gregg Brandt'
Subject: RE: Rules

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

-----Original Message-----

From: Gregg Brandt [<mailto:greggbrandt50@gmail.com>]
Sent: Saturday, June 01, 2013 1:43 PM
To: rules
Subject: Rules

As a cultivator and producer I imagine we would like to smoke Medicine during a work day. I feel there should be a space for consumption on property. Smoking is the true test of quality. I understand control of product but there has to be a way to allow consumption. It's not the same as drinking on the job. I can and will do what's called for. It's an inconvenience and irrelevant and counterproductive and just doesn't make sense to me. I'm sure you have reasons but I think you should revisit the the process and allow consumption. ThAnks for your consideration.. I love everything else.'

McCall, Karen J

From: McCall, Karen J
Sent: Monday, June 03, 2013 11:48 AM
To: 'edgar bolivar'
Subject: RE: Out of state residency

The board will accept applications for a 30-day window beginning the effective date of the rules adopted by the board. According to the timeline the rules will become effective September 1, 2013, so the board will accept applications from September 1, 2013 through September 30, 2013.

Karen

From: edgar bolivar [mailto:hot_dogski@hotmail.com]
Sent: Sunday, June 02, 2013 3:38 AM
To: McCall, Karen J
Subject: RE: Out of state residency

Thank you for your response. One last question. Is there going to be a deadline to apply for the producing license? or will I be able to apply even after December 1st?

I am trying to figure out by when I should be moving to Washington State in order to be considered to obtain a license.

I have been looking at your website, it seems that the actual rules will be posted sometime this month correct? Im sure ill find all the information I need there. Just making sure i cover all the details so I wont be left behind because I really want to do this.

Thanks.

Subject: RE: Out of state residency
Date: Thu, 30 May 2013 11:09:45 -0700
From: KJM@LIQ.WA.GOV
To: hot_dogski@hotmail.com

The residency requirement is that an applicant must be a resident of Washington State for a minimum of three months prior to application. Licenses will not be issued to anyone that doesn't meet that requirement.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: edgar bolivar [mailto:hot_dogski@hotmail.com]
Sent: Thursday, May 30, 2013 1:28 AM
To: rules
Subject: Out of state residency

Hello, I am an out of state resident. I am interested in applying for the producing cannabis license. Planning to move to WA but I wanted to know if there are going to be any restrictions for obtaining a license for people outside of Washington trying to bring business to the state?

Thanks.

Sent from Windows Mail

McCall, Karen J

From: McCall, Karen J
Sent: Monday, June 03, 2013 12:13 PM
To: 'Merete Meyer'
Subject: RE: legalization of cannabis in state of Washington (Seattle Times May 17, 2013)

Bjorn,

Thank you for your comments on Initiative 502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Merete Meyer [mailto:mrusten@comcast.net]
Sent: Thursday, May 30, 2013 11:28 PM
To: rules
Subject: Fwd: legalization of cannabis in state of Washington (Seattle Times May 17, 2013)

Sent from my iPhone

Begin forwarded message:

From: "Ruth & Bjorn Meyer" <ruthbjorn@telus.net>
Date: May 30, 2013 8:30:41 PM PDT
To: "Merete Rusten Meyer" <mrusten@comcast.net>
Subject: legalization of cannabis in state of Washington (Seattle Times May 17, 2013)

Hello Merete;

I am trying to send this to: rules@liq.wa.gov. but cannot get it going from Canada. Could you please try to send it for me, in case it can only go from US? Thank you very much.

Bjorn

Dear Sirs;

I have followed some of the debates etc in Washington prior to and subsequent to the referendum on the legalization of cannabis. I realize I have no say in the vote, being a resident of B.C., but I am highly alarmed at what is happening because of our proximity. Perhaps my comments may cause some minor second thoughts?

Legalization is a result of popular vote on a question. If the question is poorly phrased, or the voters are poorly informed, the results are valueless also. If the question had been made incorporating some of the information available today, it should have included some of the short term feelings of high, but also that cannabis often leads to stronger drugs, addiction, emotional problems, mental illness, lack of ability to concentrate, lack of ability to think, lack of motivation, loss of jobs, dropping out of school, loss of good friends, family, hopelessness and on and on, - I cannot bring myself to believe that the adult citizens of Washington and Colorado would have approved of the referendum.

I believe much of the motivation for decriminalizing - as the pushers call it in Canada to make it sound more acceptable - is to "eliminate" the profit motive for organized crime. Question: Do you for one moment believe that organized crime is going to sit still and let government amass what they consider their "rightful" loot?

- * They will promote use of harder drugs to get kids to graduate further into addiction;
- * They will push for greater use than the 1 oz. per day government will allow, to be supplied by criminals;
- * with American genuity, two days after the results of the referendum, I read in Seattle Times of two MBA's who were already getting their business plans ready to promote increased use of cannabis through advertising, promotions etc. to new and present users.

Incidentally, what is "recreational" use? Look up the definition of recreation - it is something positive! Let us at least be honest - call it "self-destructive" use. It may not sell more drugs, but it is honest!

I speak from 40 years of experience with drug problems among near family and friends as well as society at large. I have seen how an innocent start with cannabis almost invariably leads to more frequent use, needs for stronger drugs, addiction, doing any tasks to feed the addiction etc. In reading hundreds of articles, attending meetings, talking with people over many years, I am of the opinion that at least 10% of our population today has serious drug problems, and at least 25% of the population has some degree of problems. The 10% are the serious ones, who cannot support themselves, are dependent on government and especially family for support. By their problems these 10% cause huge upheavals, financial and emotional problems within their families and circles of friends. This leads directly into huge burdens on our health care systems, causing thousands of people needing other care to have to wait or go without. The cost today runs into the billions in Canada, and likely hundreds of billions in the US. By legalizing, you are saying to the 2/3 of young people who are not using: It is OK to use. Your government has sanctioned it, - it is OK to use "recreational" cannabis!

So how can you justify saying it is OK to legalize?? What kind of society are we trying to create??

My opinion is that the so-called "war on drugs" has been lost, because we as a society has never been waging a war. Having lived through a world war in occupied territory, I would like to think I have seen a thing or two. I have some suggestions for us all:

1. Accept that we are at war. It makes it easier for us to accept some of the limitations we have to put on our freedoms. Organized crime has declared war on our society. They will stop at nothing. At stake is our future, that is to say our children. Today, criminals in Canada do not hesitate for one moment to carry out assassinations of rivals by furious exchanges of gunfire in broad daylight in shopping centres, in residential areas etc. with no regard for innocents caught in their gunsights. This is a huge escalation in the war, and they get away with it because we react like sleepy pussycats.

2. Remove the flippant attitude many people have about drugs, especially cannabis. When discussing it, the experience people or friends have had, people laugh, it is humorous. Replace this with the knowledge and seriousness that we are talking about a drug, that can destroy many people, including our own children. Let us be serious about the problem.

3. Introduce special legislation that will allow police extra powers in searching for drugs, manufacturing, distribution, uses etc. Prosecute vigorously. Our courts need power to quickly confiscate assets and properties obtained through criminal activities. Possibilities of constant appeals of court decisions should be heavily curtailed to prevent time consuming legal manoeuvring. Extra powers should have specified time limits on them, and might be extended if needed.

4. Education. Start with the young, say 5 years of age. Every year all children should have compulsory education in the facts and the fallacies and the risks of all drugs, starting with the simple, and getting more detailed and complete with each year.

5. Limitations on personal freedoms. In any war, it becomes crucial to control information of all kinds. How severe these measures have to become, depends on the situation, how the war is going and near-term prospects. I would think that people held in general trust: teachers, judges, police, government officials etc. should all be held to high expectations, and could be either heavily fined or replaced in their positions if they use drugs or are speaking in favour of drugs. People in other positions of some influence could receive suitable penalties. As a general comment, all people breaking the laws, should be dealt with in whatever method is prescribed, but should in all cases, be considerably more consistent and more severe than today. To those who say this is not acceptable, I say: Remember: we are at war, and the consequences of a loss are too horrendous to consider!

There are many other considerations, but I believe the ones above are important. Many people will say: "We have tried this." I say, I believe we have missed the intensity of desire to be victorious in this battle for our children. Points 1,2 and 4 are perhaps most important in this regard. Let us compare with the smoking of regular cigarettes. 50-75 years ago, advertising had made cigarette smoking the "in" thing to do - for men. Then the makers recognized the market potential of women. The advertising made you think that if you wanted to fit in, be in the smart set and be popular, you had to smoke brand X or Y etc. In my army unit 55 years ago, 90% of the men smoked. Then as advertising targeted women more and more, the percentage of women smokers continued to increase, actually until a few years ago. Over the past 20 or 30 years, the ill effects of smoking and the advertising that has mostly been prohibited and the bad press against smoking, have now turned smoking into a habit for "the losers", the clueless, those who have no ambitions, plans or anything worthwhile having. Consequently, B.C. has the lowest percentage of smokers in Canada at 11% of adult population. This is what we need to do with drugs: make it unfashionable to do, only the losers or those who have no clue do drugs. As long as drug use is being portrayed as exciting and pleasurable, it takes great effort to eradicate it..

I realize this had been a long statement. I cannot apologize for it, because we are talking about a crucial topic, and one that can alter our entire country and its future. We live in a competitive world with many cultures eager to compete and gain ground. If we allow our future to be clouded by stupid habits that will hamper our children's future, we will be overtaken by others who or may not show us much mercy.

Yours Sincerely

Bjorn W. Meyer
681 Mt. Thor Dr
Coldstream, B.C.
V1B 2W1
Canada
Tel 250-558-1056

McCall, Karen J

From: McCall, Karen J
Sent: Monday, June 03, 2013 12:52 PM
To: 'Bob Jungar'
Subject: RE: Proposed Rules for implementation of I 502

Mayor Jungar,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Bob Jungar [<mailto:mayorraymond@willapabay.org>]
Sent: Monday, June 03, 2013 12:22 PM
To: rules
Subject: Proposed Rules for implementation of I 502

To: Liquor Control Board.

As the Mayor of a small community that may be considered for a marijuana growing/processing operation, I would like to see some additions to your proposed regulations concerning the implementation of I 502. First, I would like to see you require that the monitors connected to the cameras be observed on a 24/7 basis by security personnel. Second, I would like to see you require that the operation be surrounded by a strong, gated, fence which would also be monitored by security personnel.

Thank you,

Robert E. Jungar, Mayor
City of Raymond

McCall, Karen J

From: McCall, Karen J
Sent: Monday, June 03, 2013 12:55 PM
To: 'jim dresser'
Subject: RE: initiative 502 request keep me informed

Dr. Dresser,

To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: jim dresser [<mailto:drjimusadrjim@msn.com>]
Sent: Monday, June 03, 2013 3:17 AM
To: rules
Subject: initiative 502 request keep me informed

Dear, rules@liq.wa.gov,

My name is Dr.James P.Dresser I am currently operating a Co-op in the state of Washington which supplies medical marijuana those patients currently medical marijuana cards. I am interested in the initiative 502 and request that you keep informed on the new laws and how I can continue to operate legally. I would appreciate and .thank you for your help concerning this matter.

Sincerely Yours,

Dr.James Dresser

McCall, Karen J

From: McCall, Karen J
Sent: Monday, June 03, 2013 12:57 PM
To: 'tom@thomasaw.com'
Subject: RE: 502 rules

Tom,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Tom [<mailto:tom@thomasaw.com>]
Sent: Monday, June 03, 2013 12:55 PM
To: rules
Subject: 502 rules

Rules Coordinator,

I believe there should be a couple of disclaimers that the State of Washington should include in the rules and application packages for all the license types. The State is enticing license applicants under the proposed rules to violate some onerous Federal Laws. Of concern is when the level of the violation begins carrying mandatory minimum sentences under Federal Code. Those levels start for growing in excess of 100 plants and the possession limits at 100kg (cumulative?). If licensees grow 100 or more plants or sell more than 100 kilos, they should be forewarned and the State should absolve itself from the dispute/criminality upfront.

I think the State in adopting the rules should make clear that there can be no provision in the rules they adopt that would negate these underlying Federal Statutes. I would also think that the State should actually decline from issuing licenses or adopting rules that may entice licensees to violate these Federal Statutes at the point where the Federal violation begins to carry a mandatory minimum sentence for the licensee. It's the least we should do for our citizens. The Federal Rules will eventually change but why not be prudent now? There will be sufficient cultivation and retail sales at the lower numbers in the beginning years of I-502 implementation for the State to reap a tax benefit. In later years I would think that changes at the Federal level, competition and efficiencies will redefine these issues for producers, processors, retailers and the State.

Tom Watson

McCall, Karen J

From: McCall, Karen J
Sent: Monday, June 03, 2013 12:58 PM
To: 'Jerry Van der Veen'
Subject: RE: 502 Rules

Jerry,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Jerry Van der Veen [<mailto:jerryvanderveen@frontier.com>]
Sent: Friday, May 31, 2013 3:13 PM
To: rules
Subject: 502 Rules

I thank and commend you for the foresight to distribute draft rules prior to the initial rules distribution and associated processes. The following are my comments:

Page 1 (9) Lot weights. Moisture content will cause the weight to vary significantly. I suggest that the weight be at a standardized moisture content, I'm suggesting the range of 15% (15.5% is the international standard for cereal grains) or converted to a dry matter basis, which is used in the cattle feeding industry due to wide ranges of feedstocks.

Page 5 (11) ...current in tax obligations. Applicants should also be current in child support payments.

Page 7&8 (1) Criminal history. Increase the point accumulation for gross misdemeanors to 8 points, 10 years. Many felony cases are plea-bargained due to prosecutorial costs, the minimal 5 points & 3 years after conviction will likely mean that a freshly released convict can apply and receive a license.

Page 8 Exception. Delete. I attended two of the WSLCB's "listenings" where many with past convictions argued loudly that they should be allowed to receive a license. I strongly disagree... increased noise should not equate to increased rationale. Most citizens have not broken the law, they should not have to compete with those who have. It should be quite easy to comprehend that those who have been law-abiding will be the most likely to remain so, and these are the type of residents which will be the better candidates for licenses. Increase the point accumulations and time since convictions; the board can make changes of more leniency at a later date if the market demands require, but to make them tighter later would be more difficult.

Page 11 Producer Licenses. (1) Delete the roof requirement for multiple reasons... Energy use: conservation, scant security differences, additional costs. Additionally, if a producer can prove security, he/she should have the option to raise the product outdoors.

Page 11 Producer Licenses. No limit to production amounts are presently indicated. I believe that more consideration should be paid to some limits, not to challenge Federal concerns perhaps each license should be for a maximum amount to market per year or plants grown at one time (999). Additionally, as a retired

agricultural producer I can accurately predict that if allowed, large producers will find ways to capture the majority of the market. A broader base means a healthier market for all.

Page 15 Transportation 5a. Producers and processors may find it useful to utilize a professional transport company rather than an employee. Add: licensed and bonded transport company.

Page 19 (3) Transaction Limitation. This should be specified as pertaining to retail transactions only. Producers and processors may be dealing in much larger quantities.

Page 38 Minor in restricted area. Exempt all children of producers & infants of workers. It is common practice for the children of farmers to work alongside their parents. Additionally, working mothers who nurse their infants should be able to maintain physical contact with their child.

Jerry Van der Veen

Mount Vernon, WA

McCall, Karen J

From: McCall, Karen J
Sent: Monday, June 03, 2013 1:09 PM
To: 'Mat Thompson'
Subject: RE: FW: Plant limits for producers

Mat,

Yes all stakeholders of a corporation have to have less than 8 points of criminal history. If a medical grower applies for a producer permit they could keep operating as a medical grower until their marijuana producer license is approved, but they would need to begin with new plants and couldn't use the plants or harvest from the medical grow.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Mat Thompson [<mailto:mathewthompson1980@gmail.com>]
Sent: Friday, May 31, 2013 12:57 AM
To: McCall, Karen J
Subject: Re: FW: Plant limits for producers

Do ALL shareholders of a corporation have to have less than 8 points of criminal history? This could be problematic on corporations with a large number of shareholders.

On Fri, May 31, 2013 at 1:50 AM, Mat Thompson <mathewthompson1980@gmail.com> wrote:
Are medical growers required to cease operations prior to applying for a producer permit? Or can they continue their grow operations during the application process? The rules state that they can not begin operations until permit is approved. Please clarify. Thanks.

McCall, Karen J

From: McCall, Karen J
Sent: Monday, June 03, 2013 1:15 PM
To: 'Democritus Blantayre'
Subject: RE: proposed changes to the draft laws

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

2. The initiative does not allow the sale of concentrates or oils. A marijuana retailer is only allowed to sell useable marijuana and marijuana infused products. Useable marijuana is defined as the dried flowers of the plant. A legislative change is needed to allow the sale of concentrates and oils.
3. The limit of 10 servings is per marijuana infused product. The initiative states a person is allowed 1 ounce of useable marijuana, 16 ounces of edible marijuana infused product or 72 ounces of marijuana infused liquid.
4. the initiative prohibits marijuana consumption at marijuana retail outlets. A legislative change is needed to allow consumption of marijuana at a marijuana retail outlet.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Democritus Blantayre [<mailto:democritusblantayre@yahoo.com>]
Sent: Thursday, May 30, 2013 7:39 PM
To: rules
Subject: proposed changes to the draft laws

Hi. These are some of the changes I think would result in a wiser set of rules for adult recreational marijuana processing and selling:

1. The rule regarding how marijuana grown in greenhouses must have rigid walls is absurd. It is easy to break into a greenhouse with rigid walls. To establish a more realistic rule that engenders a more secure grow operation outdoors, just consider the security protocols for Fort Lewis. Fort Lewis encompasses a vast area, much of it wilderness and rural. Yet the army does believe that this fort is secure. Why? Because it has armed patrols along with chain link fences and barbed wire. So when it comes to trying to regulate what security protocols are necessary in a rural growing operation that could potentially involve a quite large area, it would be wise to adopt what has been proven by experts (the military) to be effective. What's more, eliminating this rule would make marijuana cultivation in the more arid central and eastern section of the state much more economically feasible.
2. The rule against selling concentrates of THC or marijuana, such as oil or hashish, is to me arbitrary. Think about it: if someone wishes to ingest a given quantity of THC through oil concentrate but is denied doing so, then all they will have to do is buy the ounce of marijuana and smoke enough of it to get the same THC level.

The only difference is that the smoker will have damaged their health more, because of inhaling more smoke. Does WA State want to encourage smoking and lung cancer? Also, merely banning this sale doesn't eliminate demand for the product or its consumption: it just drives it underground and enriches racketeers...all without any discernible public benefit. And how easy would it be to just make the concentrate yourself when you can easily and legally buy all the ingredients. This rule has to go.

3. Similar to the foolish rule mentioned in item 2 above, why does it make sense to impose the limits of 10 mg THC per serving, and up to 10 servings? Don't you realize that the person will just go to another dispensary and get another 10 servings there? So this ban has no real effect, but only needlessly limits commerce. And could someone tell me why? I think there's more than 100 mg of THC in an ounce of bud that would be sold, so this would once again be encouraging the smoking of marijuana, which is the most unhealthy vector of consumption. WHY WHY WHY?

4. Overall, it does seem that there's an emphasis on trying to discourage the consumption of marijuana at the state licensed stores. Why does the government believe that it has the right to impose regulations on the marketplace that influence the recreational consumption of mind-altering substances, absent any evidence that such consumption does deleteriously affect anyone other than the user? People should be free to do what they want, and the government needs to stay out of people's lives unless and until they affect the lives of others. Does it make sense to have these kinds of restrictions on the amounts of weed that can be bought while simultaneously there are no limits on the amount of liquor that can be purchased, when we consider how much more damaging booze is?

McCall, Karen J

From: McCall, Karen J
Sent: Monday, June 03, 2013 1:26 PM
To: 'Grant'
Subject: RE: Operating Plan

The board will have a form for applicants to complete that will list the information required in the operating plan.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Grant [<mailto:grcg46@gmail.com>]
Sent: Wednesday, May 29, 2013 8:15 PM
To: rules
Subject: Operating Plan

Please elaborate on what the WSLCB is look for in the " Submission of an operating plan that demonstrates the applicant is qualified to hold the marijuana license applied for to the satisfaction of the board. The operating plan shall include the following elements in accordance with the applicable standards in WAC." That is the WAC, and what are their application standards?

McCall, Karen J

From: McCall, Karen J
Sent: Monday, June 03, 2013 1:24 PM
To: 'Jon Freeberg'
Subject: RE: Question

Jon,

You are correct. There is no provision for owners and managers to keep product from their production for personal use.

Karen

From: Jon Freeberg [<mailto:whywork@rocketmail.com>]
Sent: Thursday, May 30, 2013 12:55 PM
To: McCall, Karen J
Subject: Re: Question

Karen,

Absent a provision stating otherwise it looks like producers would have to purchase marijuana from a retail store? A limited quantity for owners and managers to keep from their production might be a worthwhile consideration.

Thank you,
Jon

From: "McCall, Karen J" <KJM@LIQ.WA.GOV>
To: Jon Freeberg <whywork@rocketmail.com>
Sent: Monday, May 20, 2013 7:37 PM
Subject: RE: Question

Jon,

You are correct. There is no limitation on crop sizes. A producer is allowed to produce as many lots they choose.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Jon Freeberg [<mailto:whywork@rocketmail.com>]
Sent: Friday, May 17, 2013 11:47 AM
To: rules
Subject: Question

Greetings,

I'm sure the board will be receiving complaints about everything under the sun but I am going to applaud the board for putting out a well considered draft.

My question is about crop size limits for producers. I assume there are no limitations on crop size because it is not addressed in the draft. I understand "lots" are to be relatively small, I assume for tracking purposes, however I did not see any limitations on the number of "lots" a producer can cultivate.

Is this correct?

Thank you,
Jon

McCall, Karen J

From: McCall, Karen J
Sent: Monday, June 03, 2013 1:21 PM
To: 'Mat Thompson'
Subject: RE: FW: Plant limits for producers

Mat,

There is no provision in the initiative or the rules that would allow this type of retail business. A marijuana retail licensee must have face-to-face customer interaction and the product must be on the marijuana retailer licensed premises.

Karen

From: Mat Thompson [<mailto:mathewthompson1980@gmail.com>]
Sent: Thursday, May 30, 2013 3:18 PM
To: McCall, Karen J
Subject: Re: FW: Plant limits for producers

Please don't hate me :) Thank you for your help and clarifications.

"A licensee or their employee must make the sale at the licensed premises."
If the employee were to be in a separate location other than the place the permit was registered for, but was able to remotely conduct transactions through web cam and remote interfaces, the customer could pay and the employee could remotely deliver the product. The transaction would take place on the premises in which the permit was granted in and the marijuana storage machine would be located in an enclosed building.

In a sense, the employee would be conducting transactions at the licensed premises. Forgive me for pressing the issue, I invested a lot of time and money into such a machine.

Thanks.

McCall, Karen J

From: McCall, Karen J
Sent: Monday, June 03, 2013 1:19 PM
To: 'Subir Mukerjee'
Subject: RE: Comments on Draft WAC 314-55

Subir,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Subir Mukerjee [<mailto:smukerjee@cityofmilton.net>]
Sent: Thursday, May 30, 2013 3:23 PM
To: rules
Subject: Comments on Draft WAC 314-55

Thank you for the opportunity to comment on the draft rules regarding marijuana licensing. Our comments are as follows:

1. WAC 314-55-010 (3), Child Care Center definition needs to be tied to the child daycare definition under RCW 43.215 for consistency and clarity.
2. WAC 314-55-010 (4) & (15), School definitions: We are assuming the term “. . . recognized by the WA State Superintendent of Public Instruction” means public and private schools. If so, it would be helpful to clarify in the definitions.
3. WAC 314-55-020(1): The local authority has 20 days to recommend approval or object. Since the local government has limited or no authority in the licensing process, recommend removal of “recommendation to approve” from this section.
4. WAC 314-55-020: Add a subsection (9) requiring the applicant submitting a map stamped by a licensed surveyor certifying the 1,000 foot perimeter and identifying any facilities defined in I-502 and WAC 314-55-060 which are in or near to the location.
5. WAC 314-55-020: Add a requirement that there be no residences on the premises. This will prevent these businesses being operated as home occupations.
6. WAC 314-55-050: Add requirement to notify local government when a license is denied, suspended or cancelled.
7. WAC 314-55-050: Add a reason for suspension or cancellation due to violations of local nuisance ordinances regarding noise, odor, trash, etc.

Please feel free to contact me if you have any questions or need clarifications.

Thanks

Subir

Subir Mukerjee
City Administrator
City of Milton, WA
Tel: (253) 517-2706
Fax: (253) 922-3466

*All e-mail correspondence to and from this address
is subject to the Washington State Public Records Act,
which may result in monitoring and archiving, as well as
disclosure to third parties upon request.*

McCall, Karen J

From: McCall, Karen J
Sent: Monday, June 03, 2013 1:19 PM
To: 'Dustin Barrington'
Subject: RE: Dustin Barrington

Dustin,

The recreational marijuana industry is a private industry. There will be no state stores for marijuana.

Karen

From: Dustin Barrington [<mailto:dbarrington206@gmail.com>]
Sent: Thursday, May 30, 2013 4:20 PM
To: McCall, Karen J
Subject: RE: Dustin Barrington

Will the Marijuana stores be a state job or individual ran?

On May 30, 2013 11:14 AM, "McCall, Karen J" <KJM@liq.wa.gov> wrote:

Dustin,

You will need to discuss this issue with the marijuana retail licensees once the licenses are issued. The board has no control over the hiring practices of marijuana retail licensees.

Karen McCall

Rules Coordinator

WSLCB

[360-664-1631](tel:360-664-1631)

From: Dustin Barrington [<mailto:dbarrington206@gmail.com>]
Sent: Wednesday, May 29, 2013 7:35 PM
To: rules
Subject: Dustin Barrington

I was just entrusted in when the state opens up It's first recreational Marijuana store how would one go about getting a job in the new Industry. I am currently in the Medical Marijuana Industry and was curious in working in the stores when they open up.

Thank You

Dustin Barrington

June 3, 2013

Rules Coordinator
Liquor Control Board
P.O. Box 43080
Olympia, Wa. 98504-3080

Via Fax: 360-664-9689

Dear Rules Coordinator:

We are interested in applying for a marijuana producer/processor license. We have reviewed the draft WAC 314-55 and have a number of comments and questions which we would like you to address. For us, these questions and comments are in order of importance.

First, we have noted that the U.S. attorney for Eastern Washington has sent harassing letters to property owners in Spokane threatening prosecution if they rent to Marijuana dispensaries. That does not bode well for producers, processors and retailers in this area. What assurances can the State Liquor control board provide that we, as producer/processors would not be harassed or prosecuted under federal law?

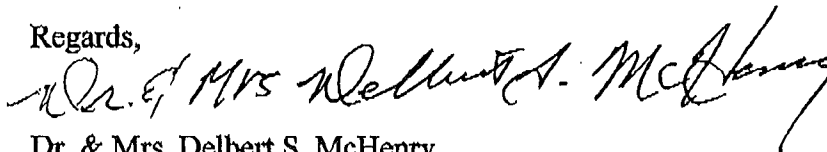
Second, we notice that you have not addressed minimum or maximum production limits. Do you intend to mandate such limits? It matters because meeting your requirements will be expensive and we believe we need to achieve a production level of 600 to 800 plants to offset these initial expenses.

Thirdly, we have heard that it is difficult to open banking accounts if we are a marijuana producer. Is this your understanding as well? If so, how can we transfer the 25% excise tax to the state without a banking relationship? Or, even more broadly, how can business be conducted without such a banking relationship?

Fourth, we note the requirement of a "quarantine room". While we have no objection to such, it is a curiosity, and it would be helpful if the Board could provide a brief rationale for this room.

Finally, it is our assumption that the Board will provide producers with a list of state authorized processors and retailers so that we can be assured that we are selling to legitimate customers. Is that correct?

Regards,



Dr. & Mrs. Delbert S. McHenry
P. O. Box 183
Liberty Lake, WA 99019

To The Washington State Liquor Board

May 25, 2013

[My suggestions] 1. Will control the out of state diversion of products

2. Make our products traceable

4. Manage and control youth access


5. Manage and control consumer's safety issues

We will be able to keep good audit records on

1. Who buying and how many time they buy
2. Date and time
3. The brand that was purchase
4. Cost of purchase
5. How much each person is purchase and how often

We must use an Autospen vending machines or some type like Autospen that give us complete control. The machine cost somewhere around \$60,000 install. I think we should ask Microsoft to make one like the autospen vending machine but begin with this equipment. This cuts our overhead to one person operations and makes us the leader in cost controlling in this new industry.

Thank you sincerely Doug Johnson

A handwritten signature in black ink that reads "Doug Johnson". The signature is written in a cursive style with a long, sweeping underline.

P.S. I could explain more about how this system is good for our state. Please contact me at 7707 Greenwood Ave. N apt. 304 Seattle WA 98103, cabone7000@hotmail.com 206 859-0153

McCall, Karen J

From: McCall, Karen J
Sent: Monday, June 03, 2013 1:28 PM
To: 'Ryan Moore'
Subject: RE: Lot

Ryan,

I have answered your questions below.

Karen

From: Ryan Moore [<mailto:ryan@coastal-funding.com>]
Sent: Wednesday, May 29, 2013 6:01 PM
To: McCall, Karen J
Subject: Re: Lot

Karen,

1. Is retailer allowed to go to processor to visually inspect product before packaged and delivered? That would be the processors decision.
2. Is retailer allowed to have drive thru service? No.
3. When will the invites be sent out for retailer? Prior to adoption of the rules by the board.

Thanks again for all your time help!

Thank you,

Ryan Moore

Sent via iPhone5

On May 28, 2013, at 12:36 PM, "McCall, Karen J" <KJM@LIQ.WA.GOV> wrote:

Ryan,

The retailer is not allowed to do any packaging. All packaging must be done by the processor.

Karen

From: Ryan Moore [<mailto:ryan@coastal-funding.com>]
Sent: Wednesday, May 22, 2013 2:56 PM
To: McCall, Karen J
Subject: Re: Lot

Karen,

When it comes to packaging I understand that processor will package for delivery to retailers. My questions is if processor breaks it all the way down to lets say gram size packages? Or does processor deliver in larger sealed packaging for retailer to break it down to the gram etc.

Thank you,

Ryan Moore

Sent via iPhone5

On May 20, 2013, at 11:22 AM, "McCall, Karen J" <KJM@LIQ.WA.GOV> wrote:

Ryan,

A producer can harvest as many "lots" as they choose. Each "lot" is two pounds. There is no limit on the number of plants or "lots".

Karen

From: Ryan Moore [<mailto:ryan@coastal-funding.com>]

Sent: Thursday, May 16, 2013 3:31 PM

To: McCall, Karen J

Subject: Re: Lot

Hi Karen,

I need a little clarification on the producer rules. It appears that the number of plants a producer has no limit as far as a number count goes. The rule will be enforced by "lot". If I understand correctly a producer my only harvest 2 pounds of one genetic? I feel like I must be misunderstanding something because I know that 2 pound harvest isn't a business. Can you help me understand what I am missing about this rule?

Thank you,

Ryan Moore

Sent via iPhone5

On May 1, 2013, at 12:12 PM, "McCall, Karen J" <KJM@LIQ.WA.GOV> wrote:

The rules will address no licenses being approved at a location where law enforcement access, without notice or cause, is limited.

The board may approve a license, but if a person can't get a business license from the local jurisdiction they wouldn't be able to open the business. Zoning restrictions that an applicant should be discussing with local jurisdictions prior to applying for a license.

Karen

From: Ryan Moore [<mailto:ryan@coastal-funding.com>]
Sent: Wednesday, May 01, 2013 11:18 AM
To: McCall, Karen J
Subject: Re: Zoning

So production can happen in residential zoning?

Thank you,

Ryan Moore

Sent via iPhone5

On May 1, 2013, at 10:48 AM, "McCall, Karen J"
<KJM@LIQ.WA.GOV> wrote:

Ryan,

The board has no authority over local zoning. That is a decision that will be made by local jurisdictions. Zoning is not something the board will consider when processing an application.

McCall, Karen J

From: McCall, Karen J
Sent: Monday, June 03, 2013 1:31 PM
To: 'Paul Stewart'
Subject: RE: Clarification question on propoosed rule

Paul,

If a marijuana license has been issued and at a later date one of the entities (school, park, library, etc.) is built after that, the marijuana license will not be cancelled. The marijuana business was there first and met all the qualifications to obtain the license.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Paul Stewart [<mailto:PStewart@kirklandwa.gov>]
Sent: Wednesday, May 29, 2013 4:41 PM
To: rules
Cc: candiceb@awcnet.org; brittanys@awcnet.org
Subject: Clarification question on propoosed rule

The proposed rules state that the "board may not issue a new marijuana license if the proposed licensed business is within one thousand feet of the perimeter of the grounds of any of the following entities..." (WAC 314-55-045 (11)) It then goes on to list the entities (e.g. school, playground, etc.).

My question is:

Do the proposed rules address the situation when a license has been properly issued and, subsequent to the issuance of the license, one of the listed entities (e.g. playground, child care center, game arcade, etc.) locates less than 1000 feet from the perimeter of the properly licensed business?

Paul Stewart, AICP
Deputy Planning Director
City of Kirkland
425-587-3227
pstewart@kirklandwa.gov

McCall, Karen J

From: McCall, Karen J
Sent: Monday, June 03, 2013 1:38 PM
To: 'jeff@thewercshop.com'
Subject: RE: residual solvent question

Jeff,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Steenhout, Michael L
Sent: Wednesday, May 29, 2013 8:56 AM
To: rules
Subject: FW: residual solvent question

From: Jeffrey C. Raber [<mailto:jeff@thewercshop.com>]
Sent: Wednesday, May 29, 2013 1:19 AM
To: Steenhout, Michael L
Subject: Re: residual solvent question

Hi Mike,

We test around the 1ppm or lower level because all solvent use is outlawed in CA. We use an internally developed method that is very sensitive with mass-spectrometry as the detection method.

It would be better to set limits around 5-10ppm for solvents. You're going to be inhaling these things, and it isn't too terribly difficult to get them out of there to these levels (people can do that today). I would never want to be inhaling some of the class 3 solvents at 500ppm levels day in and day out either. It just wouldn't be good for anyone I believe, as you have to consider things like throat irritations, lung irritation, mucus buildup in the lungs - all of which wouldn't happen in pill form or with almost any other herb.

It is fairly easy to get below 10ppm, that should be a reasonable limit, I could even see something like 50ppm not being too terrible (but I'm not personally comfortable there and I know the processors can do better so why not encourage them to do so), but how cow 500ppm made all of us kind of jump out of our seats a little here. Didn't have a great feel.

Let me know if you need any further clarification (and we only need less than 100mg to do that test).

-Jeff

Jeffrey C. Raber, Ph.D.
President
The Werc Shop, Inc.
310-703-9567
www.TheWercShop.com

On Tue, May 28, 2013 at 4:59 PM, Steenhout, Michael L <mike.steenhout@liq.wa.gov> wrote:

I believe I heard one or more of your labs offer a residual solvent test for extracts using some sort of GC head space approach (pardon the lack of science speak). In our current draft rules, we state the following:

314-55-104(6) - Parts per million for one gram of finished extract cannot exceed 500 parts per million or residual solvent or gas when quality assurance tested per RCW 69.50.348.

We believe this is consistent with current AHPA (American Herbal Products Association) class 3 residual solvent guidelines are not to exceed 0.5% residual solvent by weight or 500 parts per million (PPM) per gram of solvent based product. Although we do not believe N-Butane or Propane (95% pure or better used in a closed loop system) which are commonly used to make extracts are class three solvents, so we might be stretching this a little (note, current recommendation is to allow both these solvents).

My understanding is that the residual solvent test results some (all) or you provide would be a "Parts Per Million (PPM)" calculation, is that correct? If so, are you using the AHPA limits as a point reference, or something else entirely? Also, do you use someone else's documented methodology for the actual PPM test, or has your test been developed internally?

Thanks for any insight you can provide.

Mike Steenhout

Comptroller

Washington State Liquor Control Board

PO Box 43088

Olympia, WA 98504-3088

360-664-4524 - Desk

360-951-1019 - Cell

McCall, Karen J

From: McCall, Karen J
Sent: Monday, June 03, 2013 1:46 PM
To: 'wdenman@solsticecoop.com'
Subject: RE: Solstice-review of initial draft rules

William,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation. I commented on some of your comments below.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Steenhout, Michael L
Sent: Wednesday, May 29, 2013 8:56 AM
To: rules
Subject: FW: Solstice-review of initial draft rules

From: Will Denman [<mailto:wdenman@solsticecoop.com>]
Sent: Tuesday, May 28, 2013 4:40 PM
To: Steenhout, Michael L
Cc: Kendziorek, Aaron; Alex Cooley
Subject: Solstice-review of initial draft rules

Mike & Aaron,

Alex and I took some time to review the initial draft rules and have have organized our comments below. If possible, we'd like to schedule a meeting to review these comments. Please let us know a time and place that would work at your convenience. Hope all is well!

WAC 314-55-081 (3): Random Drawing for retail—Why not allow those who are already operating in good standing under medical cannabis laws and can make transition an opportunity to do so? The random drawing puts already existing/in good standing businesses in a vulnerable position. Our recommendation is to create two windows, similar to Colorado, where the first window is for current medical cannabis businesses only. There is no need to allow medical a running start, so licenses could be made active at the same time, but priority given to existing medical cannabis retail through the two windows.

Also, we recommend weighting the second window for WA ST citizens. Ways to do that would be a point system where candidates could gain points based on factors such as years of WA ST residency, owning a business in WA, etc.

-WAC 314-55-020 (7): We recommend increasing the 3-month residency to at least 1 year. The initiative spoke to requiring at least 3 months but LCB has opportunity to require more. The board can't contradict the law in rule. The 3 month residency requirement is in the law and will require a legislative change.

-WAC 314-55-095 (2): Dosage for packaging—clarifying that “marijuana infused product” refers to a single item and not a package of items.

-WAC 314-55-050 (11): The wording “perimeter” & “straight line” drastically reduces availability of compliant spaces. We recommend removing “perimeter” & “straight line” and replacing them with the current language from Title 66 Alcohol Beverage Control—specifically RCW 66.24.010(9) where the Board measures the 500 foot distance by “the most direct route over or across established public walks, streets, or other public passageway from the main entrance of the school to the nearest public entrance of the premises proposed for license.”

-WAC 314-55-079 (2): We feel that not allowing concentrates creates an opening for diversion/black market and will become a life safety issue. The initiative speaks to resins in Part 2-2(s) under definitions, which gives LCB the authority to regulate concentrates because they are considered to be “usable marijuana”. They are not considered “useable marijuana”. “Useable marijuana” is only the dried flowers of the plant. “Marijuana” includes the resins, concentrates, and oils. A marijuana retailer licensee is not allowed to sell “marijuana”, only “useable marijuana” and marijuana infused products. A legislative change is required to allow a marijuana retailer to sell marijuana.

-WAC 314-55-160(2.b.i) & 070(2): In regard to the timeframe for reapplication being a year--why is this necessary? Allowing people to get compliant and reapply will create more competition and generate more revenue through application fees.

-WAC 314-55-075/077/080/081: Establishing a 3-month lead-time from when rules become official to when application window opens. The issue we foresee is people rushing to get applications in and not taking their time to ensure due diligence.

-WAC 314-55-083 (3.e.): Quarantine window of 72 hours seems excessive and will create an additional hurdle for commerce/logistics.

-WAC 314-55-102 (6) & 105 (9c): Testing & labeling for potency but not testing for microbial, foreign matter, and pesticides. Also, the sample label doesn't show everything that the subsection says is necessary.

Potency of a strain becomes fairly well known after several batches—five in our mind. After five batches, the potency results may be +/- 1-2% from the median results but are fairly consistent. Additionally, potency variability between each bud within a single batch is roughly +/- 1-2%. In our minds, an average of potency testing over a larger period is a more accurate representation of the actual strain and product. Requiring potency testing for each batch would not allow us to use this method and our database of averages.

-WAC 314-55-020: We recommend changing affidavit to say “can” be used for marijuana vs. “leased” and “will” be used. The current language would force people to enter into lease agreements prior to being licensed and could leave people on the hook unnecessarily.

-WAC 314-55-083 (2): “may also be used” could be interpreted as “in place of” or “in stead of”. May be a good idea just to clean the language up there.

-WAC 314-55-085 (5.a): Consider adding subcontractor to persons capable of delivery. The initiative only allows the marijuana licensee or their employees to deliver. A legislative change is required to allow 3rd party delivery.

-WAC 314-55-089 (1.d): Clarification as to whether each license is per location and if each location will need to file separately.

-WAC 314-55-097: All method of disposal—for rendering marijuana/marijuana waste “unusable” we recommend removing “plastic” from material that can make up 50%. We would also further recommend adding that all marijuana/marijuana waste be recycled or composted.

-WAC 314-55-105: Requiring Unified Business Identifier (UBI) on packaging reveals businesses’ information that would not otherwise be publically available. This could potentially increase exposure to theft, attacks, or federal intervention. The UBI number is listed on the master license which is required to be posted on the premises in plain sight. UBI information is publicly available.

Best Regards
William Denman
www.solsticegrown.com



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McCall, Karen J

From: McCall, Karen J
Sent: Wednesday, June 05, 2013 10:45 AM
To: 'glenn.wells'
Subject: RE: draft rules

Glenn,

1. Some financial information is exempt from public disclosure and some is not. Bank statements with account numbers is exempt. A statement that the applicant paid \$100,000 for the real property is not exempt. Growing techniques may or may not be exempt. We would need to check with our AAG for an answer.

2. It is the duty of the Attorney General's Office to defend the will of the voters as expressed through citizen initiatives. If the State is sued by any party, including the federal government, contending that I-502 is unconstitutional, the Attorney General's Office will vigorously defend I-502 and the will of the voters. The State is currently waiting to hear from the federal government on how it will respond to I-502. The Attorney General's Office has made it clear to officials at the U.S. Department of Justice that it would like to avoid litigation but is preparing for any legal challenge.

The State does not have the authority to represent private parties, including private parties who believe that they are acting upon the basis of state law.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: glenn.wells [<mailto:glenn.wells@comcast.net>]
Sent: Monday, June 03, 2013 11:34 AM
To: rules
Subject: draft rules

I have a client that is considering putting a business plan together for a growers and processing license. He has two questions;

1. If proprietary information is included in his response back to the State for said licenses, such as financial statements, growing techniques etc., will that sensitive information be disclosed to media outlets or others who may decide to file a public document request for entities requesting licenses?
2. If the Federal government takes issue with individual growers or processors, as long as they are following the protocol outlined and approved with their licenses, will the State Attorney General defend the license the State issued in Federal court?

Thank you for your time.

Glenn Wells, AIA

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 04, 2013 3:02 PM
To: 'Carl Brecht'
Subject: RE: Question?

Carl,

There is no provision in the law to do what you are proposing. Only a marijuana retailer licensee is allowed to sell marijuana-infused products and useable marijuana. No other products may be sold.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Carl Brecht [<mailto:carlbrecht82@gmail.com>]
Sent: Tuesday, June 04, 2013 1:46 PM
To: rules
Subject: Question?

(5) No licensed marijuana retailer or employee of a retail outlet shall open or consume, or allow to be opened or consumed, any useable marijuana or marijuana-infused product on the outlet premises.

I was thinking about opening up a restaurant with marijuana infused products. By the language above, am I correct to assume that I cannot serve people the food within the restaurant, and that I would have to in fact deliver the food?

May I open a restaurant that delivers/take-out marijuana and marijuana infused products?

Thank you for taking the time to answer my questions.

Carl Brecht
carlbrecht82@gmail.com

McCall, Karen J

From: McCall, Karen J
Sent: Monday, June 03, 2013 2:27 PM
To: 'shawn denae'
Subject: RE: Notes on Draft of Rules

Bill and Shawn,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: shawn denae [<mailto:shawndenae11@gmail.com>]
Sent: Monday, June 03, 2013 10:24 AM
To: rules; Davenport, Steve; Steenhout, Michael L; pws@lig.wa.gov
Subject: Notes on Draft of Rules

Please find attached our suggestions for setting up a workable set of rules for the recreational marijuana market. We look forward to helping establish a prime example for successful implementation of this coming market. Since we have run a successful General Contracting business for 25 years in WA, we encourage you to consider us a resource for logical implementation of building out production facilities.

Bill Wagenseller
Shawn Eddy
206-362-0203

McCall, Karen J

From: McCall, Karen J
Sent: Monday, June 03, 2013 2:26 PM
To: 'Sean St.peter'
Subject: RE: I-501

Sean,

The answers are below.

Karen

-----Original Message-----

From: Sean St.peter [mailto:sean_stpeter@yahoo.com]
Sent: Monday, June 03, 2013 1:32 PM
To: McCall, Karen J
Subject: Re: I-501

Karen,

Thank you for the response, I have read the entire draft and did not find the answers to those few specific questions. If you could take the time to answer those few questions I would really appreciate it. Thank you again for your time.

Sent from my iPhone

On Jun 3, 2013, at 1:23 PM, "McCall, Karen J" <KJM@LIQ.WA.GOV> wrote:

> Sean,
>
> The answers to most of your questions can be found in the initial
> draft proposed rules. To ensure you receive updates on I-502
> implementation go to our website at www.liq.wa.gov and sign up for the
> Listserve under
> I-502 implementation. The initial draft proposed rules are also on
> the website.
>
> Karen McCall
> Rules Coordinator
> WSLCB
> 360-664-1631
>
> -----Original Message-----
> **From:** Sean St.peter [mailto:sean_stpeter@yahoo.com]
> **Sent:** Thursday, May 30, 2013 2:08 PM
> **To:** rules
> **Subject:** I-501
>
> Have a few questions regarding I-501:
>
> 1. I read that applications will start being accepted in September, is
> that expected to be on the 1st? At this time, it is September 1st.
>
> 2. I read applications will be accepted for 30 days, will the
> applicants that apply on the first day be considered before say an

> applicant that is applying on the 15th day? The applications will be processed as they are received.

>

> 3. Can an applicant submit multiple applications, say for different

> areas, or for producer/processor and retailer in case one is not

> approved possibly another would be? Because I know their will only be

> a limited number per area. An applicant for a retail license can't hold the producer or processor license. If there is an application for a producer or processor a retailer application will not be processed.

>

> 4. In regards to a producer what will be the amount of plants that

> could be grown, are there number guidelines? There is no limit on the number of plants a producer can have.

>

> 5. If there is more applicants than licenses issued has the process

> for choosing applications been established yet? That answer is in the initial draft

proposed rules. There is no limit on the number of producer or processor licenses that can be issued, only retailers. The board will accept all applications for producer and processor licenses received in the 30 day window. WAC 314-55-081 addressess the applications for marijuana retailer licenses and how they will be chosen.

>

> Thank you for your time,

> Sean St.Peter

> 619-618-8139

>

> Sent from my iPhone

McCall, Karen J

From: McCall, Karen J
Sent: Monday, June 03, 2013 2:19 PM
To: 'Paul Stewart'
Subject: RE: Clarification question on propoosed rule

Paul,

At renewal time the local authority could object to the renewal but only for "chronic illegal activity". They couldn't object due to the location being within 1000 feet of certain entities if the entities were built after the marijuana license was already issued.

Karen

From: Paul Stewart [<mailto:PStewart@kirklandwa.gov>]
Sent: Monday, June 03, 2013 1:50 PM
To: McCall, Karen J
Subject: RE: Clarification question on propoosed rule

Hi Karen,

Thank you for the clarification. Although the draft rules appear to be silent on that point, I would assume that this would be the case - similar to liquor license.

However, I imagine it could be a factor when the license comes up for renewal.

On another note, I would like to compliment you all on a first draft addressing a variety of complex issues in a short time.

Paul Stewart, AICP
Deputy Planning Director
City of Kirkland
425-587-3227
pstewart@kirklandwa.gov

From: McCall, Karen J [<mailto:KJM@LIQ.WA.GOV>]
Sent: Monday, June 03, 2013 1:31 PM
To: Paul Stewart
Subject: RE: Clarification question on propoosed rule

Paul,

If a marijuana license has been issued and at a later date one of the entities (school, park, library, etc.) is built after that, the marijuana license will not be cancelled. The marijuana business was there first and met all the qualifications to obtain the license.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Paul Stewart [<mailto:PStewart@kirklandwa.gov>]
Sent: Wednesday, May 29, 2013 4:41 PM
To: rules
Cc: candiceb@awcnet.org; brittany@awcnet.org
Subject: Clarification question on proposed rule

The proposed rules state that the "board may not issue a new marijuana license if the proposed licensed business is within one thousand feet of the perimeter of the grounds of any of the following entities..." (WAC 314-55-045 (11)) It then goes on to list the entities (e.g. school, playground, etc.).

My question is:

Do the proposed rules address the situation when a license has been properly issued and, subsequent to the issuance of the license, one of the listed entities (e.g. playground, child care center, game arcade, etc.) locates less than 1000 feet from the perimeter of the properly licensed business?

Paul Stewart, AICP
Deputy Planning Director
City of Kirkland
425-587-3227
pstewart@kirklandwa.gov

McCall, Karen J

From: McCall, Karen J
Sent: Monday, June 03, 2013 1:49 PM
To: 'Gene Yuss'
Subject: RE: Reality check

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

-----Original Message-----

From: Gene Yuss [<mailto:acumengenetics@gmail.com>]
Sent: Tuesday, May 28, 2013 11:42 AM
To: rules
Subject: Reality check

Why don't you send out a request for people still interested in being a part of the system to reply to a simple poll? I think you will be surprised by the results. You could ask what licenses people are planning to apply for what county they are in etc... Wouldn't it be helpful?

Acumen Genetics

McCall, Karen J

From: McCall, Karen J
Sent: Monday, June 03, 2013 1:48 PM
To: 'Bryan Doran'
Subject: RE: Public Comment Regarding Testing

Bryan,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Bryan Doran [<mailto:bryandoran76@gmail.com>]
Sent: Tuesday, May 28, 2013 2:11 PM
To: rules
Subject: Public Comment Regarding Testing

Thank you for the opportunity to provide public comment. I would ask the Board to reconsider its testing regime. The current proposed lot definition of 2 pounds will put significant financial pressure on processors, making competition with illegal markets (and quasi-legal medical markets) that much more difficult. Further, the definition does not reflect the realities of commercial grow operations. Finally, there are less costly alternatives to achieve the same goal.

Testing is vital, and it informs consumers about both cannabinoid concentration and the presence of impurities. However, there is significant variance in the plants per yield depending on the manner of grow operation. Large plant operations may yield a half pound per plant. Small plant operations (tube based hydroponics) may yield an 1/8 of an ounce per plant. Small plant operations take up less space per plant, and can produce an overall larger yield, so it is not a foregone conclusion that growers will opt for large plants. This is significant because cannabinoid concentrations vary based on genetics. Each clone can have a variation in genetics, albeit slight, and thus a 2-pound limit may capture 4 plants, or 40, and is thus an imprecise measure of potential genetic variation in a given lot. I would suggest a plant based system of measurement, although this would provide a distinct disadvantage to tube-based hydroponic systems. If a pound-based system is favored, I would encourage a much higher poundage per lot.

A larger lot size would be equally effective because the genetic variations among clones from the same mother plant appear to be slight. Further, concerns regarding impurities, including pesticides, can be addressed with quality assurance certification at a grower/processing facility. Cannabis produced from a facility that is clean, certified organic, that properly flushes nutrient tubes, and otherwise satisfies cleanliness standards has very low risk of impurities. A larger lot size, if coupled with certification of facility, could serve the same laudable goals in the regulations. Perhaps facilities that can achieve certification might enjoy a variance from the testing regime.

The costs are significant. Testing is in its infancy and is incredibly expensive. Further, there is the serious problem of transporting cannabis to a given facility. Presumably, this must be done by vehicle as outlined in the statute with respect delivery to retailers. The added costs and potential delays are a serious concern. Testing is necessary, but I ask the Board to reconsider the frequency of testing given the serious costs it will add and scant benefits it will achieve.

If I can be of any service as you continue your admirable efforts, I am at your disposal.

Sincerely,

Bryan Doran

McCall, Karen J

From: McCall, Karen J
Sent: Monday, June 03, 2013 1:46 PM
To: 'Brian Hawkins'
Subject: RE: I502

Prior to the board adopting the rules.

Karen

From: Brian Hawkins [<mailto:briman20069@gmail.com>]
Sent: Tuesday, May 28, 2013 6:44 PM
To: McCall, Karen J
Subject: RE: I502

And do you know when the application are coming out for us to sign up

On May 28, 2013 9:38 AM, "McCall, Karen J" <KJM@liq.wa.gov> wrote:

There is no limit on the number of plants a producer can have. There is no THC quality requirement.

Karen McCall

Rules Coordinator

WSLCB

[360-664-1631](tel:360-664-1631)

From: Brian Hawkins [<mailto:briman20069@gmail.com>]
Sent: Tuesday, May 28, 2013 4:44 AM
To: rules
Subject: I502

I'm curious of how many plants the producer can have and the THC quality that is required

McCall, Karen J

From: McCall, Karen J
Sent: Wednesday, June 05, 2013 8:28 AM
To: 'michael archambault'
Subject: RE: Input on Initiative 502 Initial Draft Rules

Michael,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: michael archambault [mailto:michael.arch@gmail.com]
Sent: Wednesday, June 05, 2013 12:10 AM
To: rules
Subject: Re: Input on Initiative 502 Initial Draft Rules

Hi, I would like to add one more comment to my already long list of comments:

The rules for producing (growing) should allow for the opening and venting of greenhouses to ensure producers can use naturally lit greenhouses to grow marijuana throughout the hot summer months. Better yet, I believe the rules should allow for outdoor, sungrown marijuana.

Thanks,
Michael Archambault

On Tue, Jun 4, 2013 at 11:32 PM, michael archambault <michael.arch@gmail.com> wrote:
WSLCB,

Congratulations on creating such a comprehensive set of regulations in such short order! I appreciate the hard work of the WSLCB in publishing these draft rules and thank you accepting and considering public comments. Below are my personal comments regarding the draft rules as released on 5/16/13. Thank you for considering them and I would be happy to meet or talk with the board to discuss them in further detail.

Sincerely,
Michael Archambault

314-55-015

11: There needs to be an exception for testing or evaluating products (for example, a processor needs to be able to test marijuana-infused products for taste acceptability, a producer may need to evaluate strain quality to understand how to improve growing methods, etc.).

314-55-020

3a: I'm worried about submitting applicant fingerprints to the FBI. I understand the need to perform thorough background checks, but involving the FBI wades unnecessarily and dangerously into federal oversight issues, which threaten our state sovereignty on this already-contentious issue. I strongly encourage the board to explore alternative ways to perform thorough background checks that do not involve disclosure of applicant names to the FBI.

314-55-040:

1: I like the point system idea, but the method of counting seems flawed. It doesn't allow for any combinations other than a single misdemeanor or gross misdemeanor conviction. If that is the intent of this section, why have a point system at all?

Consider what would happen if the simple misdemeanor was changed to 3 points. It would allow licensees to have two simple misdemeanor convictions, but one simple misdemeanor and one gross misdemeanor (3+5) would exceed the threshold. These are the types of complexities and nuances for which point systems are better suited.

Also, in the proposed scoring system, non-disclosure of ANY penalty would put the individual over the 8 point threshold (4 point penalty for non-disclosure plus the 4, 5, or 12 points for the conviction). Again, why have a point system for this? Isn't this non-disclosure issue already covered by 314-55-050(3)?

So after that rant, my comments to this section are (disclaimer: more rants coming):

- Change the score for a simple misdemeanor to 3 points, which would allow the licensee to have two misdemeanors on their record.

- Change the penalty for nondisclosure to 1 point or better yet, eliminate it from this scoring system entirely. Someone can receive a misdemeanor for something as simple as driving while his or her license is unknowingly suspended for not paying a parking ticket. Many people who aren't lawyers or have cultural/language barriers may not understand that their record contains a misdemeanor conviction, especially when the misdemeanor might be something as simple as my driving with a suspended license example. I have to ask, what is the point of having the non-disclosure point penalty if the board is doing a background check anyways? The board already has authority to deny applications based on non-disclosure per 314-55-050(3).

- Take felonies out of the scoring system and simply say that anyone with a felony conviction within the last 10 years or anyone currently under supervision for a felony conviction is automatically disqualified from receiving a license (no need to hide this restriction in the scoring system).

- I believe the felony conviction restriction should be reduced to 3 years, to align with the other misdemeanor charges. Society already has enough obstacles for individuals who have criminal backgrounds but have already done their time in jail. We don't need to add this 10-year obstacle, especially since restrictions on legal market entry will encourage participation in the black market.

3a: I strongly support this exception, but the exception should be changed this to also include exceptions for marijuana paraphernalia. In Washington State, paraphernalia is often considered a separate charge. For example, if someone was possessing 1 gram of marijuana and a marijuana pipe, that could have resulted in TWO misdemeanor convictions. This rule should allow an exception for both of those types of misdemeanor convictions.

3a: I strongly support this exception, but the July 1, 2014 expiration date seems arbitrary. This means that if someone was convicted of two marijuana misdemeanors in 2012, she could receive a license in June 2014, then on July 2, 2014, her license could be revoked!

I believe the exception should be aligned with 3(a)(ii) by simply granting exceptions to marijuana misdemeanor convictions received prior to Dec 6, 2013 (or whatever date these rules are in effect), and toss out the July 1, 2014 expiration date. This would greatly simplify this rule and better meet its intent

3b: To preserve our state sovereignty on this issue, federal marijuana convictions should always be considered for mitigation by the board, without an expiration date.

4: This seems like a weird rule and 14 days is an awfully short window. Is there any precedence for a disclosure rule like this?

314-55-075, 314-55-077, 314-55-080

3: It is grossly inappropriate for the board to conduct random criminal history checks if the randomly-selected licensee is responsible for the fees of those checks. This results in an unfair playing field for the unlucky licensees that get randomly selected. I'm not a lawyer, but I wonder about the constitutionality of such a rule. One alternative I strongly support is to make the WSLCB responsible for the random background check fees, so that the cost is equally distributed across society.

4: I strongly oppose these 30-day windows. These types of rule set an awfully dangerous precedent and could result in unfair distribution of licenses and hinder competition from newcomers and innovations in the marketplace. At the very least, there should be a 30-day period EVERY year where the board is required to consider new applications and give them the same level of consideration as those applicants renewing their license. Again, I wonder about the constitutionality of such a rule that essentially allows the board to block new applicants. Furthermore, any restrictions on market entry only allow the black market to continue to flourish.

314-55-079

4: Same as comment to 314-55-075(3) above.

314-55-081

2: Same as comment to 314-55-075(3) above.

314-55-083

3.e: Regardless of the board's intent for this "Quarantine" rule, this seems onerous, silly, and nearly impossible to enforce. I request the board delete this rule.

314-55-125

1: If a licensee moves locations and has to file a new application, will she be limited by the restriction in 314-55-075.4 (30-day application window)? This is another reason they 30-day window rule is highly problematic (see my comment to 314-55-075(4) above).

314-55-147

I strongly **oppose** restricting marijuana sales between the hours of 2am and 6am. Sales should be allowed 24 hours a day, 7 days a week. Retail shops already cannot be a public nuisance under existing rules and laws. Restricting sales has the potential to cause more problems than it this rule is presumably trying to prevent. Arbitrary and misplaced rules like this one only provide opportunities for the black market to continue to flourish, which goes against the intent of I-502. I request the board delete this rule.

Thanks again!

Michael Archambault

McCall, Karen J

From: McCall, Karen J
Sent: Wednesday, June 05, 2013 10:48 AM
To: 'witheease'
Subject: RE: [Licensing: Non Retail] Yes or no to delivery service systems i502?

Ephraim,

No, third-party delivery is not allowed. A letter was mailed to you in the last few days in response to your letter.

Karen McCall
Rules coordinator
WSLCB
360-664-1631

From: witheease [<mailto:witheease@yahoo.com>]
Sent: Wednesday, June 05, 2013 10:35 AM
To: rules
Subject: [Licensing: Non Retail] Yes or no to delivery service systems i502?

Hello, I understand the amount of email volume you must receive but I need to know an answer on if delivery service systems are allowed to operate here in WA after the final rule implementation. I would like know asap so I may begin the processes to run and operate a potential business in this specific category. Thank for your time.

Ephraim Asberry
425 971 3880
witheease@yahoo.com

Sent from my Samsung Galaxy™ S II 4G

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 1:59 PM
To: 'Dan Woolley'
Subject: RE:

Dan,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Dan Woolley [<mailto:danwoolley47@gmail.com>]
Sent: Monday, June 10, 2013 8:24 PM
To: rules
Subject:

I would like to see more definition between the grower and processor . What defines grower and processor . Also the tax base is in my opinion is to high it might drive people to the black market that already exist and is thriving . Lets make this endeavor profitable for all . Lets make sure the grower has full control of all related processes like how to grow how to flower and harvest and cure . Otherwise all looks ok to me . Thanks in advance for your consideration on these topics

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 1:56 PM
To: 'John Burns'
Subject: RE: Input on draft rules for producer/processor

John,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: John Burns [<mailto:jburnzz@gmail.com>]
Sent: Monday, June 10, 2013 7:46 PM
To: rules
Subject: Input on draft rules for producer/processor

I believe there needs to be more written in the rules that specifically addresses greenhouse production. For example, would high security fencing and surveillance and alarm system around the perimeter suffice for covering all entry points to the facility. I believe production in the greenhouse is very important to consider in commercial use. There should be rules and regulations that specifically address indoor greenhouse production on rural farms.

Thanks,
John Burns

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 1:59 PM
To: 'shannon oliver'
Subject: RE: I 502 rules

Shannon,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: shannon oliver [<mailto:shanolivers@gmail.com>]
Sent: Monday, June 10, 2013 8:06 PM
To: rules
Subject: I 502 rules

Members of the Board.

My opinion is that the rules suggested for I 502 (& the initiative itself) will not produce a viable revenue source for the government of Washington (Fail). The reason that I - 502 will not succeed in it's objective to generate revenue via it's control over the Cannabis Industry is because the initiative itself was motivated by Greed & is based on Lies. It's Clear, (if you have accurate data regarding profitability) that even if strict government controls over Marijuana where needed (which they aren't) a 50 % tax rate coupled with significant additional expenses imposed by unnecessary government intervention will not benefit the public or the Marijuana Industry & is therefore unlikely to garner Industry or Public support without significant Coercion.

Efforts to coerce the Medical marijuana Industry into compliance have already begun via code enforcement & DEA intervention. This is a continuation of the failed drug policies of the past and will not succeed in enabling government to profit from the production & sale of Marijuana. The answer is simple... You must create a system that inspires voluntary participation & compliance. For instance, a simple 10% excise tax on the retail sale of Marijuana.

I am disappointed there was no response to my suggestion to use opportunities presented by legalizing Marijuana to subsidize the creation of a multi 100 million dollar per year greenhouse food crop Industry in Washington (as they have in B.C.). Of coarse, that would require the law be written with good intentions (which it was not). My conclusion is that Greed and Lies are

a foundation for failure not success. I suggest you go back to the drawing board. Here are some fun facts for you to ponder while you consider what to do...

Americans consume 80% of the opiate pain medication produced in the world.

1 in 10 children over the age of 6 are on prescription medication

46% of American adults are regularly Prescribed Medication

According to the study referred to in I-502 promotional website, 5ng of cannabinoids in blood has no effect on driving (no impairment) ...

It's fair to assume WSP & other Washington law enforcement agencies are prosecuting innocent citizens who happen to smoke Marijuana , (many of them youth who's lives will be forever altered by their felony drug conviction DUID) While allowing Prescription Medication users to drive without the threat of being tested or any predetermined impairment thresholds. How can anyone support such a Hypocritical law? to be fair, you would have to screen for the presence of every potentially intoxicating substance in the blood... Based on the common use of caffeine nicotine & prescription medication, statistics above, Almost everyone drives impaired by something... but only the boozers & potheads go to jail. Obviously I-502 was drafted solely for the purpose of generating more revenue & control for the Government., Because It does nothing to improve public safety, protect the environment or offer viable profit & legitimacy to private Industry, Until it is changed or removed, I-502 is & will continue to do far more harm than good. What a Shame !

Please feel free to contact me when you have reached similar conclusions & are looking for authentic & alternative ways to improve the lives of the citizens you serve. Thanks for the opportunity to comment.

Shannon Oliver
360-689-9861
Hydroponic Technology llc.

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 2:02 PM
To: 'Shawn Richards'
Subject: RE: WAC 315-55 feedback

Shawn,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.llq.wa.gov and sign up for the Listserve under I-502 implementation.

The 3 month residency requirement was contained in I-502 which was approved by the voters of the State of Washington. A legislative change is required to change the 3 month residency requirement.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Shawn Richards [<mailto:shawn@dailyspliff.com>]
Sent: Monday, June 10, 2013 8:30 PM
To: rules
Subject: WAC 315-55 feedback

Good evening to the Liquor Board,

I'm encouraged by the progression of the recreational cannabis project, you are clearly capable of carrying out a plan that works and I encourage you to always attempt to act in the best interest of the state of Washington during any of your decision making processes. I am commenting from the perspective of a young entrepreneur and I ask you to please account for people like me, who want to partner with you to build a new industry which is rooted right here.

We need to keep in mind that consumer sentiment will continue to lean towards legalization, soon reaching a critical mass as other states follow suit. Sooner than we think, we will be faced with heavy competition from states with a cheaper work force and looser recreational cannabis regulation. Allowing out of state enterprises to quickly enter a system that we, as Washingtonians created, will not support a sustainable deeply rooted industry in Washington.

To simplify and to put it more anecdotally, all those people moving here from California right now will move their businesses back there just as soon as it's legal - and that's going to happen sooner than you think. Please find a way to identify the companies that are rooted right here and give us a head start. If you do, you'll be rewarded with a sustainable industry, not just a lab-rat destined to be discarded as better versions appear elsewhere.

WAC 314-55-020 (7)

I find the minimum requirement of 3 month Washington Residency for Licensee applicants, Inconsiderate, Insulting, and clearly formulated to benefit out-of-state rule-makers.

The people of Washington State voted on I-502, and the residents during the time of voting are the residents that should be allowed to benefit from the infancy of I-502.

During the next voting period we can lower the minimum residency requirement if the people of Washington decide to do so.

Applicants should be required to have been residents for at least 2YEARS, or even 1YEAR but NOT 3Months.

The people who voted on I-502, should be the first people allowed to benefit from it's implementation. NOT People taking advantage of Washington's foresight.

WAC 314-55-070 (2)

I find the 1Year wait period before re-application is excessive, and should be reduced to 3 months.

How could it be that someone could move to Washington and apply 3 months later, but if you are denied at Washington's discretion, they must be held back a year?

it feels like these time requirements should be reversed.

Washington state is doing a disservice to itself and it's entrepreneurs if they force them to wait a year to reapply.

if there is a time penalty, it should be just enough for applicants to rectify their position. 3 months should be sufficient.

Shawn Richards

Co-Founder, Spliff™

206.303.9875

dailyspliff.com

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 2:00 PM
To: 'lthompson@gssac.org'
Subject: RE: GSSAC Community Coalition in Full support of WASAVP Comments Submission

Linda,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Linda Thompson [mailto:thompson.gssac@gmail.com]
Sent: Monday, June 10, 2013 8:29 PM
To: rules
Subject: GSSAC Community Coalition in Full support of WASAVP Comments Submission

On behalf of the Greater Spokane Substance Abuse Council's (GSSAC) Board of Directors, Community Coalition and Staff, I am writing to affirm that we stand in full support of the submitted comments regarding the Rules for the Implementation of Initiative 502 by the Washington Association for Substance Abuse and Violence Prevention (WASAVP). There are a few of the comments from the WASAVP I-502 Rules Recommendations Paper that I would like to highlight.

- We are calling for a ban on all marijuana advertising. Advertising is not well addressed in the initiative and I have a fear that it will make using marijuana appear to be harmless and fun to our youth. Both the City of Spokane and Spokane Valley bypassed the Liquor Control Board's regulations for limiting alcohol advertising by passing local ordinances. Please make sure this does not happen with marijuana. Close any loopholes and ban all advertising.
- Hours of operation—limit them to 9:00am to 10:00pm. In the draft rules the hours are listed as 6:00am to 2:00am. In the meetings I have attended where the draft rules have been discussed by LCB members and others I have heard that the decision for those hours was based on treating marijuana the same as alcohol. This is not reasonable. There will be more opportunity for youth to buy marijuana through adults willing to buy for them. Also, this will be a cash business which means it will be targeted for criminal activity. Why tempt fate with late hours and no additional resources for law enforcement to respond. They are already overwhelmed with the bars closing at 2:00—don't add to the criminal aspect. Hours should be 9am to 10pm at the very latest.
- Allow communities to have input on placement of manufacturers, distributors, and retailers. I recently met with planners from the City of Spokane and saw the proposed maps targeted for the marijuana industry. Nearly every section was in the most vulnerable neighborhoods where they are already bombarded with alcohol and tobacco outlets as well as disrespectful advertising

targeted to disenfranchised populations. Help our communities by not forcing them to have the marijuana outlets/growers in their neighborhoods. Value people over profits.

- Please do not dishonor our state flag with a marijuana leaf on it. Be aware of product confusion: How will a teacher know if the student in their classroom is eating a candy bar or a marijuana bar.....use the LCB logo for the labeling. Make it unmistakable that it contains marijuana. Children will still be very much at risk but we have to try.
- Here at GSSAC we advocate for Prevention is prevention is prevention! We will continue to speak up for families, children and youth, those in recovery, and all citizens to have a healthy, strong community to live, work and learn in. Please do all you can to keep our citizens safe in a for profit marijuana marketplace.

The last thing I want to share with you is that I was in attendance at the Liquor Control Board's Community Meeting in Spokane at the Convention Center where I listened to the vast majority of those in attendance talk (with loud cheering throughout their comments) about how great the pot is that is grown in our state, that they are growing it already even if they are felons --"it don't matter", how one man is going to open a pot bar because he is tired of drunks puking and fighting in his place and how after one of us (approximately 6 prevention advocates who spoke up in the room) advocated for keeping our youth in mind as the rules are implemented was heckled and booed. After I spoke the men behind me laughed and scoffed at me. The very next person up said "forget (not the word he used) the kids--their parents have to take care of them! At the end of the evening as we headed out of the convention center (six women who all advocated for youth and families) the security staff came up to us and said they wanted to escort us to our cars for our safety. This is a very volatile subject...I know...please proceed with caution...error on the side of the most vulnerable.

Again, we stand in firm support of WASAVP's Comments on I-502 Rules Recommendations. If GSSAC or I can be service to help in anyway, please let me know.

Linda J. Thompson, M.A., CPP, ICPS

Executive Director

Greater Spokane Substance Abuse Council (GSSAC)

Spokane/Whitman Community Mobilization Against Substance Abuse & Violence (CM)

8104 E. Sprague Avenue

Spokane Valley, Washington 99212-2900

Phone: 509-922-8383 Fax: 509-922-7716

Cell: 509-710-8440 Website: www.gssac.org

Prevention Works!

In order to conserve resources, GSSAC will be closed on Fridays.

Hours: Monday-Thursday 9:00 am to 4:30 pm--closed for lunch from 12:00 to 1:00.

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 2:03 PM
To: 'shannon mckelvey'
Subject: RE: Liquor Board issues draft of rules for pot industry - State agencies - The Olympian - Olympia, Washington news, weather and sports

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: shannon mckelvey [<mailto:waboy2010@hotmail.com>]
Sent: Monday, June 10, 2013 8:58 PM
To: rules
Subject: Liquor Board issues draft of rules for pot industry - State agencies - The Olympian - Olympia, Washington news, weather and sports

<http://Hello>, I'm the last voice here, First of all, if your going to legalize it you need to embrace it, promote it , its going to be one of your most lucrative tax sources, with that don't set too many rules ,after all your selling the deadliest drug alcohol in all the grocery stores now. 2ND you must allow people to grow a few plants possibly six , their going to do it anyway then your right back where you started prosecuting people for weed growing weed again., this will also keep people from stealing from bigger growers and help insure their safety, with that when a person is issued a grow permit and you should NOT limit these just the people who purchase a permit to grow will be allowed to sell their crop at the store and show a copy at the store when selling product to store, which should be priced at 1000 dollars ,and the growers price has to be a fair enough price for him to profit its a lot of work and cost for dirt and electricity ,don't limit them, because there will always be different time that crops will be ready , and by all means the people who are issued grow license shall not be public information to protect their security, and your tax CANNOT BE GREEDY or people with lower incomes won't be able to afford, when you finally realize that its baling the state out from all the extra funds, the governing forces need to start thinking about dropping trade agreements and turn this Washington into a high grade cannabis export from our state we will prosper , you have to start taking away this 70 year stigma the prohibition has done to cannabis after all how many teens died from THC overdose last year? how many died from alcohol? I hope some of this is considered thank you Shannon
www.theolympian.com/2013/05/16/2548454/liquor-board-issues-draft-of-rules.html#disqus_thread

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 2:31 PM
To: 'tom@thomasaw.com'
Subject: RE: Producer's issue

Tom,

Processors will be allowed to make tinctures. Medical marijuana patients will also be able to continue to purchase their products from medical marijuana dispensaries.

Karen

From: Tom [<mailto:tom@thomasaw.com>]
Sent: Monday, June 10, 2013 9:12 PM
To: McCall, Karen J
Subject: Producer's issue

Karen I am a medical cannabis user and grower. I can't smoke anything. I can't use a vaporizer. Instead I use a tincture made by soaking cannabis in grain alcohol I purchase at the WSLCB licensed facilities and mix it with fruit juice. Will producers be allowed to use this common solvent to create tinctures for sale to retailers?

I would hope the board would consider this as the other solvents normally associated with extraction are very harsh in comparison. Many medical users will now be using the recreational versions being offered and this would be helpful. Thank you for considering this issue. Tom Watson, Spokane

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 2:33 PM
To: 'spokaniac@gmail.com'
Subject: RE: WSLCB Implementation Comments

Jim,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: spokaniac@gmail.com [mailto:spokaniac@gmail.com]
Sent: Monday, June 10, 2013 9:54 PM
To: rules
Subject: Fwd: WSLCB Implementation Comments

Subject: WSLCB Implementation Comments

To:
WSLCB

Dear Sirs:

Please accept the following comments on rules being drafted to implement I-502.

The following comments are designed to have a better implementation than the current draft rules will allow. The proposed rules essentially are very similar to the Colorado approach that exists for medical marijuana cultivation.

Comment 1

The board should revise the following: WAC 314-55-075 What is a marijuana producer license and what are the fees related to a marijuana producer license?

(1) A marijuana producer license allows the licensee to produce marijuana for sale at wholesale to marijuana processor licensees and to other marijuana producer licensees. Marijuana production must take place within a fully enclosed secure indoor facility or greenhouse with rigid walls, a roof, and doors."

Marijuana has evolved for millions of years under natural sunlight. Indoor cultivation leads to excessive energy demands and will further exacerbate the goal of reducing greenhouse emissions. This is in violation of state laws and mandates to reduce greenhouse gas emissions.

The draft rules will cause the market to be large growers with indoor hydroponic operations with gross energy demand needs. The draft rules eliminate in any way the cultivation of marijuana as a natural agricultural product (including greenhouse growth) in a natural outdoor setting. This is wrong. This rule will have the effect of promoting big city enterprises in the largest metro areas. Rural eastern Washington, an area ideally suited for outdoor cultivation of any sun loving plant will be at a disadvantage. We need a rule that allows someone with land in rural areas to be able to secure their property in ways other than through rigid walls.

The fertile Yakima and Columbia valleys will be far from the market and will no longer enjoy the economies of low land cost and abundant sunlight. The rigid walls called for in this draft are further going to limit the ability of the small farmer to compete by adding one more burdensome requirements. A rural landowner will need to invest unnecessary capital into building structures that are not the only way to securing the product during its grow cycle.

Like grapes and hops, this state's natural climate are a resource. Seasonal grow operations can only be profitable with low land and overhead costs. Creating high barriers to small scale production will be counterproductive to the state in its efforts to eliminate the black market.

Keep rural Washington in this in a way to grow and compete. The draft rules completely favor large producers operating year round in warehouses in Seattle metro area.

Comment 2

The target price will need to come down. Market forces will allow illegal cultivators to sell on the black market as long as the state has a such a high target price of \$300 an ounce. A pound of coffee, tobacco or nearly any natural product will be commoditized over time. Do not believe that creating lots of burdensome rules will drive the black market away. Legal marijuana will need to compete with the enormous current black market. The cost of producing high grade marijuana will be much less than \$6 per gram if the risk of enforcement is eliminated. That risk and the inefficiency of a black market accounts of over 80% of the current cost and the state's price target.

Comment 3

We have to assume that marijuana will be like coffee, or beer over time. Large businesses will control the market on a large scale. Small scale craft brewing and individual small roasters and coffee shops return far more money into their communities than do the large corporate interests. Two beer companies currently control over 50% of the market.

This rule should provide a reasonable and practical set of rules to allow the small cottage industry to thrive and grow. This can be a boon to the small scale producer, processor or retailer across rural Washington. While tax revenue may be the same regardless of the size of the seller, the bigger issue for the state economy will be promoting the small scale entrepreneur.

We want the economic benefits to cascade through the economy from small scale producers and processors. Can we imagine a large exerting excessive pressure on the legislative process? Yes.

We want to try to leave the small businessman with a chance against the future large monied interests capable of dominating marijuana, the way Inbev (aka Budweiser) dominates the beer market. The future Starbucks and Budweisers of the should not be given the keys to the store

from the start.

The greater the capital and regulatory barriers erected, the greater promotion of large scale enterprises.

Comment 4

Due to continued federal level of felony penalties for cultivation of marijuana in excess of 100 plants, the state should realize that capital markets and individuals will be risk averse to federal prosecution. It could be 20 years before federal law changes on this front. We must create a system that recognizes and supports the small scale grower cultivating less than 100 plants. The Mendocino County 9.31 program developed to promote small scale production. Create a rule that allows small scale producers to thrive.

Comment 5

The draft language for WAC 314-55-083 is fundamentally flawed. You have essentially adopted the Colorado medical marijuana model of regulating growth. This is a large mistake.

The security requirements are higher than that for the sale of alcohol, production of beer or spirits or the sale of pharmaceuticals. The security requirements for a grower should not be the same as they are for a retailer. One size never fits all. This draft rule treats every phase of the production and distribution cycle as being the same. A retailer could have a 400 square foot space, easily monitored by the CCTV systems you have required. Production of marijuana needs to be allowed to thrive in outdoor Washington. Growers will have large incentives to guard their product. Just because the Colorado model is something that currently exists, does not mean it is the way to go forward. Revise Section. WAC 314-55-083 What are the security requirements for a marijuana licensee?" to recognize these realities.

This is the biggest flaw in the proposed regulatory approach.

Comment 6

WAC 314-55-083 What are the security requirements for a marijuana licensee?

(e) Any vehicle transporting marijuana or marijuana products must travel directly from the shipping licensee to the receiving licensee and must not make any unnecessary stops in between except to other facilities receiving product.

What about the reality of getting fuel and repairs? Is a beer or spirits or pharmaceutical supplier burdened with such rules today? No. Don't get to his level for marijuana. Start out right. This is not what I 502 is about.

This too seems excessive.

Comment 7

The application of fertilizer is not the same as pesticides and herbicides. The level of detail specified would be getting into proprietary production methods. While the application of chemicals such as herbicides and pesticides may have residual product quality and safety issues, fertilizers are not in the same category with equal levels of risk.

New Section. WAC 314-55-087 What are the record keeping requirements for marijuana

licensees?

(f) Records of each daily application of fertilizers, pesticides, herbicides or any other compounds or products applied to the marijuana plants;

Comment 8

The laboratory requirements and general rules around this read more like the control of high level nuclear waste than a plant that grows naturally. Can the lab issues be moved to a separate rule? This is not synthesized neurotoxins, biological weapons or nuclear waste we are talking about.

This portion of the rule rules seem excessively bureaucratic.

Comment 9

Great approach on labeling. I love the Washington state logo but recognize that placing the imprimatur of the state on the label may not be acceptable to many people. It is really clear and easy to recognize. Perhaps we could use a symbolic 5 lobed leaf that does not look exactly like a marijuana leaf. Washington State could be a major beneficiary of the development of a multi-billion dollar enterprise and brand. Think Apple and GE logos and brand management. Washington grown could be a brand better than Champagne, with a national and world-wide cachet. Like gambling and same sex marriage, acceptance of marijuana in society and our culture is slowly changing.

Stick with the approach of having a clearly recognizable "brand " for long term market acceptance.

I appreciate the complexity of the challenge and the need to put something acceptable to a wide variety of stakeholders out for comment in a timely fashion. Go back and think this through.

Allow the small scale producer to stay under federal felony prosecution levels (<100 plants) and keep Washington green. Do not set this up for indoor grow operations only. That will be a mess and clearly was not called for in the initiative or in the public hearing that I attended in Spokane.

Sincerely

Jim Wilson
804 E 36th Ave
Spokane, WA 99203

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 5:24 PM
To: 'jacjamber@comcast.net'
Subject: RE: Initiative 502 Initial Draft Rules

Jacqueline,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: jacjamber@comcast.net [<mailto:jacjamber@comcast.net>]
Sent: Monday, June 10, 2013 10:30 PM
To: rules
Subject: Initiative 502 Initial Draft Rules

Thank you for considering different perspectives as you develop the rules related to Initiative 502. I am commenting today as a City of Kent resident, a substance abuse prevention professional, a mother of an elementary school student, and a member of the Washington Association for Substance Abuse & Violence Prevention. I urge you to continue to keep in provisions that protect children and youth, and ensure public health and safety. Here is my input related to the I-502 initial draft rules:

- In creating a new system, how will you address the currently separate medicinal marijuana arena? We have already seen surveys and heard accounts of how readily available marijuana is to those under 21 years of age (through green cards or through adults with green cards or other social sources).
- The application and licensee fees seem low - I recommend these are increased and suggest a mitigation impact fee is added.
- Modify the warning, "For use only by adults 21 and older. Keep out of reach of children," since it is not just children who should not have access to marijuana. Change to stronger language such as: "To avoid possible overdose and damaging effects on the developing brain, keep out of reach of anyone under 21 years of age."
- Add warnings that marijuana should be kept out of reach of pets since it may lead to severe health effects or death.
- The advertising section has good language. I support the limitation of one sign for retail licensed premises. I also believe the language in (2) of that section should apply to the licensee, e.g., the business name or trade name should not be false/misleading, should not promote over consumption, should not represent the use of marijuana as therapeutic or curative, and should not appeal to those under the legal age.
- There should be further limitation of advertising marijuana products, e.g., print ads, internet (not sure if this is your jurisdiction or not).

- Since Group 1 violations are identified as "the most serious because they pose a direct threat to public safety," the violations should have more stringent consequences, such as violations within a one-year window, not a three-year window. Also, there should be incremental change at each stage for all these Group 1 violations (as was done for Sale or Service to Minor which increases from 1st violation with 10-day suspension or \$2,500 to 2nd violation with 30-day suspension to 3rd violation with cancellation of license). It is too lenient to keep the \$1,000 monetary fine the same for 1st, 2nd and 3rd violations as shown in the chart for Allowing a Minor to Frequent Restricted Area, Employee Under Legal Age, and Opening/Consuming Product on Premise. I think the monetary fine are also too low.
- The other group violations should also be violations within a one-year window vs. a three-year window, and incrementally punitive consequences.
- There should be a mandatory training for all marijuana retailers/licensees.
- Marijuana retailers/licensees should be required to report all thefts of marijuana products.
- There needs to be more regulations to protect against "marijuana tourism" and stockpiling marijuana for resale/distribution to others, including those under legal age.

In closing, please keep listening to those of us who value public health and safety. I appreciate what you're working to accomplish.

Jacqueline Teresa Jamero Berganio
 23705 138th Avenue SE
 Kent WA 98042-3230
 206-683-7972

From: Steenhout, Michael L
Sent: Wednesday, June 12, 2013 9:20 AM
To: Mungia, Ingrid G; McCall, Karen J
Cc: I-502_Team_Leads; Doughty, Cindy J; Smith, Rebecca
Subject: RE: I-502 Initial Draft Rule Comments

Morning. As you know, I've been working with DOE the past few days addressing the additions they offered for the disposal section. Below is the language, edited slightly from what they sent in and what I shared Monday, but we're in 100% agreement. Please replace.

I told them how much we appreciated their effort on this, really great additions.

Thanks.

New Section. WAC 314-55-097 Marijuana Waste Disposal – Liquids and Solids.

- (1) Solid and liquid wastes generated during marijuana production and processing must be stored, managed, and disposed in accordance with applicable state and local laws and regulations.
- (2) Wastewater generated during marijuana production and processing must be disposed of in compliance with applicable state and local laws and regulations.
- (3) Wastes from the production and processing of marijuana plants must be evaluated against the States Dangerous Waste Regulations (Chapter 173-303 WAC) to determine if those wastes designate as dangerous waste. It is the responsibility of each waste generator to properly evaluate their waste to determine if it designates as a dangerous waste. If a generator's waste does designate as a dangerous waste, then that waste(s) is subject to the applicable management standards found in Chapter 173-303 WAC.
- (a) Wastes that must be evaluated against the Dangerous Waste Regulations include, but are not limited to, the following:
- (i) Waste from marijuana flowers, trim and solid plant material used to create an extract (per WAC 315-55-104).
 - (ii) Waste solvents used in the marijuana process (per WAC 315-55-104).
 - (iii) Discarded plant waste, spent solvents and laboratory wastes from any marijuana processing or quality assurance testing.
 - (iv) Marijuana extract that fails to meet quality testing.
- (b) Marijuana wastes that do not designate as dangerous shall be managed in accordance with subsection (4).
- (c) A marijuana plant, useable marijuana, trim and other plant material in itself is not considered dangerous waste as defined Chapter 173-303 WAC unless it has been treated or contaminated with a solvent.
- (4) Marijuana waste that does not designate as dangerous waste (per Subsection (3)) must be rendered unusable following the methods in subsection (5) prior to leaving a licensed producer, processor, retail facility, or laboratory. Disposal of the marijuana waste rendered unusable must follow the methods in subsection (6).
- (a) Wastes that must be rendered unusable prior to disposal include, but are not limited to, the following:
- (i) Waste evaluated per Subsection (3) and determined to not designate as Dangerous Waste.
 - (ii) Marijuana plant waste, including roots, stalks, leaves and stems that have not been processed with solvent.
 - (iii) Solid marijuana sample plant waste possessed by third party laboratories accredited by the board to test for quality assurance that must be disposed of.
 - (iv) Other wastes as determined by the LCB.
- (b) A producer or processor must provide the board a minimum of 168 hours notice in the traceability system described in WAC 314-55-083(4) prior to rendering the product unusable and disposing of it.
- (5) The allowable method to render marijuana plant waste unusable is by grinding and incorporating the marijuana plant waste with other ground materials so the resulting mixture is at least fifty percent non marijuana waste by volume. Other methods to render marijuana waste unusable must be approved by LCB before implementation.

Material used to grind with the marijuana falls into two categories: compostable waste and non-compostable waste.

(a) Compostable mixed waste: Marijuana waste to be disposed as compost feedstock or in another organic waste method (for example, anaerobic digester) may be mixed with the following types of waste materials:

- (i) Food waste,
- (ii) Yard waste,
- (iii) Vegetable based grease or oils, or
- (iv) Other wastes as approved by the LCB.

(b) Non-compostable mixed waste: Marijuana waste to be disposed in a landfill or another disposal method (for example, incinerator) may be mixed with the following types of waste materials:

- (i) Paper waste,
- (ii) Cardboard waste,
- (iii) Plastic waste,
- (iv) Soil, or
- (iv) Other wastes as approved by the LCB.

(6) Marijuana wastes rendered unusable following the method described in subsection (4) can be disposed.

(a) Disposal of the marijuana waste rendered unusable may be delivered to a permitted solid waste facility for final disposition. Examples of acceptable permitted solid waste facilities include:

- (i) Compostable mixed waste: compost, anaerobic digester, or other facility with approval of the jurisdictional health department.
- (ii) Non-compostable mixed waste: landfill, incinerator, or other facility with approval of the jurisdictional health department.

(b) Disposal of the marijuana waste rendered unusable may be managed on-site by the generator in accordance with the standards of Chapter 173-350 WAC.

(c) A record of the final destination of marijuana waste rendered unusable.

From: Gill, Beth (ECY)

Sent: Friday, June 07, 2013 3:20 PM

To: rules@liq.wa.gov

Cc: Seiler, K (ECY); Taylor, Marsh (ECY); Seeberger, Don (ECY); Salvi, Albert (ECY)

Subject: I-502 Initial Draft Rule Comments

Please find the attached comments on the Initial Draft Rule for I-502 Implementation, including a revised copy of section WAC 314-55-097 Marijuana Waste Disposal – Liquids and Solids with recommendations for waste management. Please note that this letter will be sent in a separate email to Michael Steenhout at the Liquor Control Board.

Beth Gill

Secretary Senior - Waste 2 Resources Program

Southwest Regional Office: 360-407-6380

Headquarters: 360-407-6325

beth.gill@ecy.wa.gov



McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 5:36 PM
To: 'Thomas Platfoot'
Subject: RE: Draft Rules Request

Thomas,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Thomas Platfoot [<mailto:tplatfoot@gmail.com>]
Sent: Tuesday, June 11, 2013 2:38 PM
To: rules
Subject: Draft Rules Request

Dear WSLCB,

Attached are points of interest that we think should be added and/or addressed within the content of the new rules.

Thank You & Good Luck!!!

Thomas R Platfoot
Evergreen State Investments LLC
trade name : Clear Mind Medical
9208 NE Hwy 99
#107-42
Vancouver, WA 98665
360-798-1619
tplatfoot@gmail.com

6-18-2013

To;
Washington State Liquor Control Board
3000 Pacific Ave. SE
PO Box 43085
Olympia, WA 98504-3085
E-mail: rules@liq.wa.gov

From;
Evergreen State Investments LLC
trade name: Clear Mind Medical
c/o Thomas Platfoot
9208 NE Hwy 99
#107-42
Vancouver, WA 98665
E-mail: tplatfoot@gmail.com

Re; Special Request

Dear Control Board/Michael Carpenter/Brian Smith and/or Draft Rules Coordinator,

We would like to communicate to the Washington State Liquor Control Board (WSLCB) an important concern that should be not over looked in your draft rules decision process.

We want to help the WSLCB to implement a fair and equitable set of rules and guidelines for retail marijuana dispensaries. The issue is that not all customers will be recreational. There are a lot of existing, legal, true, medicinal users with Doctor Recommendations.

We have a medical marijuana delivery dispensary that has been operating in compliance since December, 2010. We have a large number of patients that rely on us daily. It would be very sad to interrupt our faithful patient's deliveries because our request was not heard by the new governing WSLCB authority... We understand the WSLCB is presently in the draft rules decision making process with a strict time-line. That is why this is such a "Special Request" at this time. Timing is of the essence.

We have been a compliant tax abiding delivery service provider since inception. We pay all of our Federal and State excise taxes and payroll related taxes since inception. We respectfully request to "Grandfather" our dispensary for preferential treatment when retail dispensary licenses are issued December 1st, 2013. This would ensure that our dispensary and patient's reliance on us would be protected. The State Of Colorado dealt with this issue by letting, existing tax abiding dispensaries, to get priority applications for a dispensary business permit in the first 9 months of accepting applications. This rule would give the WSLCB a smooth transition to help begin collecting tax revenue from day one.

We have the experience and take our tax responsibilities seriously. We do understand that additional qualification guidelines are necessary. My background will show a law abiding, 60 year old male, US Navy Seabee, Disabled Veteran. My partner is a Washington State and Oregon attorney. We are also the current service/provider to 90% of the Veterans and Disabled Veterans in SW Washington.

We are prepared to open a retail location as soon as the local governing agencies determine the zoning requirements and guidelines. We would also request that we can continue to operate our existing medical delivery service from this retail location so as not to interrupt service to our disabled and seriously ill patients. Remember, they are recipients of the benefits attained through the American Disabilities Act (ADA) and rely on its purpose.

With that said, we respectfully request the WSLCB's consideration to understand the importance of protecting our existing patients. We invite you to view our website at www.clearmindmedical.com and click on "mission Statement". We also give and encourage our patients to give as well, directly through our website link to the American Red Cross.

We also think it would be helpful to receive a counter complete, preliminary approval status, when an application has been submitted so that we make seek a properly zoned building within the guidelines of the City of Vancouver and/or Clark County.

We Thank You for giving us the opportunity to comment on the draft rules process. Our patients and employees will remember your efforts. If we can be of any additional help, we are at your service.

We anxiously await your reply.

Sincerely,

Thomas Platfoot, owner
Evergreen State Investments LLC
trade name: Clear Mind Medical
9208 NE Hwy 99
#107-42
Vancouver, WA 98665
360-798-1619
tplatfoot@gmail.com

Michael Green, Attorney at Law
712 W. Evergreen Blvd
Vancouver, WA 98660
360-694-9204
michaelgreen21@gmail.com

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 5:26 PM
To: 'Phil Mocek'
Subject: RE: WSLCB Releases Initial Draft Rules

Phil,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

-----Original Message-----

From: Phil Mocek [<mailto:phil@mocek.org>]
Sent: Monday, June 10, 2013 10:49 PM
To: rules
Subject: Re: WSLCB Releases Initial Draft Rules

On Thu, May 16, 2013, at 13:08, WSLCB wrote:

> The best way to provide your input is via email at: rules@liq.wa.gov

My comments about your May 15, 2013, draft rules, through section 314-55-075, are attached as [wslcb_draft_rules_2013-05-16.pmocek_comments.txt](#).

I began reviewing this draft hours after it was published. I made it through only a half-dozen or so pages before giving up in frustration and disappointment hours later. Overall, I am concerned that these appear to be mostly not rules someone can be found objectively to be in compliance with or not, but rather guidelines that your staff could use in making unilateral decisions about whether or not someone is granted license to engage in otherwise-lawful behavior. I am baffled by your inclusion of what I would call "FAQ entries" in a document that purports to be a list of rules. Such hypothetical questions-and-answers might serve as a helpful accompaniment to rules, but they, themselves, are clearly not rules. I wish that instead of providing potential questions about your rules and your answers to those questions, you simply stated the rules, and that you stated those rules in such a manner that such questions were avoided in the first place.

Your proposed rules seem to leave wide open your staff's ability to exercise discretion in who is allowed to participate and who is not, regardless of whether or not each person is in compliance with the letter and spirit of the law. Such a situation leaves open the possibility of a dangerous amount of discrimination. In your next draft, I hope that you will simply state clearly and unambiguously the rules under which someone must operate in order for you, on behalf of the people, to authorize that person to produce, process, or sell cannabis in our state, so that those who wish to operate lawfully can ensure that they are doing so, and so that those who operate in accordance with the rules are allowed to go about their lawful business.

In your draft rules, you repeatedly offer hints as to what "may" happen. These rules read like laws made without the input of lawyers. The word

may has no place in rules, but in warnings about arbitrary actions that may occur. What we need you to provide are clear definitions of what *will* happen under certain circumstances--rules. Almost anything *may* happen. Rules including the word "may" read like warnings about rule of men, not rule of law.

As I stated publicly at WSLCB's first Seattle I-502 implementation forum months ago: I believe that everyone who pays the fee and indicates that he or she is able to operate safely and willing to follow the rules should be licensed to operate under your scheme. Your rules as drafted do not seem to indicate that this is where you're headed. Also at that forum, I suggested that you communicate your goals for these rules so that we, the people, could evaluate their potential effectiveness prior to implementation, and so that we can evaluate their actual effectiveness after implementation. I've yet to see such explicit statement of your goals. I fear that one of your goals is that which I suggested you not aim for: the artificial scarcity of cannabis in Washington.

Prohibition has proven, by any measure, to be a miserable failure. Please do not set up a situation under which your staff are likely to steer the ground-breaking action of the people of Washington nothing more than a limited form of cannabis prohibition. If you do, you will almost certainly be responsible for the failure of something which we, the people, have attempted to create, in desperation, for absence of common sense on the part of our elected representatives.

--
Phil Mocek

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 5:27 PM
To: 'LARRY GRAMLING'
Subject: RE: public input on its first cut of draft rules that were released on May 16, 2013

Larry,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Initiative 502, which was approved by voters of the State of Washington, included the 3 month residency requirement. The board cannot change by rule what was passed into law. A legislative change is required to change the residency requirement.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: LARRY GRAMLING [mailto:LARRY_30091@msn.com]
Sent: Monday, June 10, 2013 11:35 PM
To: rules
Subject: public input on its first cut of draft rules that were released on May 16, 2013

To whom it may concern;

After reading the initial draft I am wondering how a business can be up and running in early December when no one will have established relationships between retailers, wholesalers and growers to my knowledge. Since my understanding is the whole process of growing, wholesaling and retailing up until that point will be illegal.

In regards to leasing properties to run a business out of, are we expected to submit lease agreements along with our application for license? If we are not given a license we would be liable for a lease that we would be unable to pay for because we would have no business without a license. Is there some other acceptable document related to a lease?

I am very concerned about what seem to me to be lax residency requirements and what might even be considered an invitation to big money from other states, like California and Nevada, that could easily afford to set up residency and in so doing take away the opportunity for smaller local long-time residents to have a real chance at starting a business; that may lose the chance because of the residency rules proposed. Local people can't compete on such a financial level as some big money that this invitation of residency could attract as well as we may be considered as exporting marijuana profits out of state a risky proposition with the feds.

There was no mention of any contingency for investors if the Federal government comes in shortly after this thing gets going and shuts it all down. Shouldn't this be considered in this open forum?

Thank you for the opportunity to express my concerns.

Sincerely,

Larry Gramling

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 5:33 PM
To: 'Leslie Peeples'
Subject: RE: Comments on Initiative 502 draft rules

Leslie,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Initiative 502, which was approved by voters of the State of Washington, included the 3 month residency requirement. The board cannot change by rule what was passed into law. A legislative change is required to change the residency requirement.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Leslie Peeples [<mailto:leslie.naturalstep@gmail.com>]
Sent: Tuesday, June 11, 2013 12:16 AM
To: rules
Subject: Comments on Initiative 502 draft rules

Hello WSL(and Marijuana)CB,

Thank you for all the hard work you have put into this monumental effort. Please except this even though I am 14 minutes late for the deadline, it is 12:14, thanks again.

My first comment is regarding "financial investigation". I understand that this will help stem criminal activity, but I am going to be frank here. The people with the most experience, the most knowledge, and who are the most capable for this business may have been making their money form Marijuana already. Therefor they will not be able to account for money they will use to start a Recreational Marijuana business. I ask you to consider a way around this problem as it may leave out the best and brightest folks already in the industry.

On the operating plan: You are asking for a plan on many unknowns. Many of us know exactly how to grow Marijuana but we do not at this time have a clear understanding of the WSLCB's needs and rules. For instance, we have always known how we want to package product, but we are entering a very different realm of unknowns, many of which we will figure out as we go forward. Let have some flexibility on "operating plan" while we all figure this out.

First and foremost it would be good to have clear and simple lists of requirements for each phase, with definitions/explanations in a separate area of print from the bullet point lists. This way we can form our

operation plan. We are all striking out into unknown territory, at least in part. Lets keep it as simple and clear as possible.

It strikes me that the rules and taxes are going to over burden small growers and processes. Does the wine industry or the craft beer industry have this many cameras or reports and regulations? Point in case; Do you have to be notified every time alcohol is transported? I bet, no is the answer. We may have gone a bit overboard here on rules and regulations for a product much less dangerous than wine and beer.

I am very concerned that the financial expense related to all the rules and regulations may again be leaving out the small businessman and women.

Also, it is very important to have a cap on the number of plants, or pounds produced, please, please add this to the rules or the good people in the business will be driven out by big money and that is just not right. The small farmer takes the time to have the very best product through intimate knowledge of his/her operation. Drive out the small guy and Washington will be known worldwide as the junk weed capital.

In order for a person to grow and not be sentenced under federal law of mandatory minimum sentencing, a grower must have under 100 plants. Please stick to this amount for now. It will even the playing field for everyone and then later we can reevaluate raising the plant limit. It will also allow for more permits to be given out and then we can all compete to make the best product and comply with the rules in an affordable manner.

Thank you Leslie Peebles

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 5:35 PM
To: 'Mike Haslip'
Subject: RE: comments on draft marijuana rules under Initiative 503

Chief Haslip,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Mike Haslip [<mailto:MHaslip@cityofblaine.com>]
Sent: Monday, June 10, 2013 11:59 PM
To: rules
Cc: Mike Haslip
Subject: comments on draft marijuana rules under Initiative 503

Greetings,

WAC 314-55-040: provides only a 4 point penalty for nondisclosure of a criminal conviction.

Comment: This nondisclosure would appear to be a significant misrepresentation of fact, and as such under proposed rule WAC-314-55-050 would be of itself sufficient grounds to deny the license.

WAC 315-55-083(2): requires a 'security alarm system'.

Comment: No provision is made for whether that system is required to be connected to a central monitoring station. As written the requirement is satisfied by having only an on-premise alarm which does not alert anyone off-premise to an incursion.

WAC 315-55-083(3)(f): requires a license to copy video recordings and provide them "to the board upon request".

Comment: This will require local law enforcement to make application to the WSLCB if they wish to obtain a copy of a recording from a license. Could this section instead be phrased "to the board or requesting law enforcement officer upon request" ?

Thank you for the opportunity to comment.

Michael Haslip, Chief
Blaine Police Dept. 322 H St Blaine, WA 98230

McCall, Karen J

From: McCall, Karen J
Sent: Wednesday, June 12, 2013 10:25 AM
To: 'Masse, Christine'
Subject: RE: Comments to Draft Rules Implementing I-502

Chris,

Thank you for the corrected comment. I will include this with the previous comment received from you.

Karen

From: Masse, Christine [<mailto:Christine.Masse@millernash.com>]
Sent: Tuesday, June 11, 2013 5:28 PM
To: rules
Cc: Hunt, Danielle M.
Subject: RE: Comments to Draft Rules Implementing I-502

Ms. McCall,

Yesterday afternoon we submitted comments to the draft rules implementing I-502 on behalf of the Washington Cannabis Association ("Association"). Since that time, it has come to our attention that the Association's comments contain an error. As such, we respectfully request that the Washington Liquor Control Board (the "Board") accept the correction to the Association's comments explained below. In any event, we will be sure to also raise this issue if the CR 102 does not already address it. I suspect many others have already commented on the definition and it may be subject to revision, with or without our comment.

At page one, we propose a revision to WAC 314-55-010(3), which defines "child care center." The comments, in the form submitted to the Board yesterday, strike more language from the draft rules than we intended. Therefore, we submit the following revision to the Association's comments to correct this error:

New Section. WAC 314-55-010 Definitions

. . .

(3) "Child care center" means a ~~licensed environment~~ child day care center or child care center as defined under RCW 43.215.010(1)(a) and WAC 170-295-0010 with curriculum usually associated with preschools and which is licensed by the Department of Early Learning.

We thank you again for the opportunity to provide input into the rule-making process, and we appreciate your willingness to consider the above correction.

-Chris Masse

Christine Masse
Partner

Miller Nash LLP | Celebrating 140 Years of Excellence

From: Hunt, Danielle M.
Sent: Monday, June 10, 2013 11:58 AM

To: rules@liq.wa.gov

Cc: Masse, Christine

Subject: Comments to Draft Rules Implementing I-502

Rules Coordinator,

On behalf of the Washington Cannabis Association ("Association"), we are writing to submit the Association's comments regarding the draft rules implementing I-502. The comments are attached above for your review and consideration.

If you have any questions please feel free to contact Christine Masse at (206) 777-7427, or the Association's lobbyist, Ezra Eickmeyer, at (360) 301-1842.

We thank you for the opportunity to provide input into the rule making process.

Danielle Hunt

Danielle M. Hunt

Associate

Miller Nash LLP | Celebrating 140 Years of Excellence

4400 Two Union Square | 601 Union Street | Seattle, Washington 98101

Direct: 206.777.7407 | Office: 206.622.8484 | Fax: 206.622.7485

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McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 1:00 PM
To: 'Carrie Tellefson'
Subject: RE: Cannabis Business Group - Extracts White Paper and Rules Comments

Carrie,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Carrie Tellefson [<mailto:carrie@mmtlawfirm.com>]
Sent: Monday, June 10, 2013 4:57 PM
To: Garza, Rick J; Simmons, Randy L; McCall, Karen J
Cc: Becky Bogard
Subject: Cannabis Business Group - Extracts White Paper and Rules Comments

Dear Rick, Randy and Karen,
Our client, the Cannabis Business Group, through attorneys Robert McVay and Hilary Bricken of the Canna Law Group, have submitted the below comments on the LCB's proposed draft rules implementing I-502. I wanted to be sure you have copies of the documents in your in-box prior to our meeting at 2:30 tomorrow. We appreciate the thoughtful and thorough approach the Board has taken on the draft rules and believe the regulatory approach is sound. The first attachment includes some suggested clarifications to various draft rule sections. The second document is a "white paper" that evaluates the issue of extracts from a policy and legal perspective and provides some alternative approaches the Board could take to allow extracts. The extracts issue is the most significant policy issue raised by the draft rules from our clients' perspective, so they decided to address this in a separate paper.

We're looking forward to meeting with you tomorrow!

Kind regards,

Carrie

I-502 Draft Rules: Recommending Clarifying and Technical Edits
The Cannabis Business Group

Karen McCall
Rules Coordinator
Liquor Control Board
P.O. Box 43080
Olympia, WA 98504-3080
rules@liq.wa.gov

Re: Proposed Clarifying and Technical Edits to I-502 Initial Draft Rules

Dear Ms. McCall:

The Cannabis Business Group, upon fully reviewing the I-502 draft rules distributed by the Liquor Control Board, submits this collection of edits and amendments for the rules. We recognize and appreciate all of the work that the LCB has put into these draft rules. These proposed amendments seek to clarify remaining ambiguities while making adjustments for issues that the drafters may not have considered.

WAC 314-55-010

- (13) Public Transit Center – suggest making the number of bus routes clear.
 - Recommend “six or more bus routes.”
- (14) Recreation Center or facility – add terms clarifying that it is a youth-oriented facility.
 - Recommend “... a supervised center intended for use by children ...”

WAC 314-55-020

- (7) The residency requirement is unclear. The rule states that “[a]ll members must also meet the three month residency requirement.” Member is not otherwise defined in the statute. The residency requirement should be clarified so that it refers to “true parties of interest” but not “financiers.”
 - Recommend adding sentence “As used in this section, the term ‘member’ is defined as any true party of interest as defined in WAC 314-55-035, unless the party is only a true party of interest by spousal relationship.”

WAC 314-55-050

- (9) Many applicants have likely applied for local city business licenses for medical marijuana and had those licenses denied. That itself is not a negligent or malicious act, as many jurisdictions have unclear rules regarding medical marijuana businesses, and it should not be grounds for denial, suspension, or cancellation of a license.
 - Recommend removing “or medical marijuana license.”

WAC 314-55-079

- (2) Please see Cannabis Business Group White Paper on Marijuana Extracts.

WAC 314-55-081

- This entire proposed WAC is unclear regarding the responsibilities of would-be retailers. It is unclear when the actual application would be due. It is also unclear when the retailer would be applying on behalf of himself/herself and when the retailer would be applying on behalf of a particular business location.
- (3) A random drawing should be the last alternative after exhausting qualitative approaches, such as city/county recommendation, building location, viability of business plan, etc. Rather than have a random drawing prior to applying, the LCB should judge the applications on their merits and only hold a drawing if there are a number of equally qualified applicants.

WAC 314-55-082

- (1) There is no minimum dollar amount on the liability insurance requirement.
 - Recommend including minimum, such as \$500,000 per incident and \$2 million per year.)

WAC 314-55-083

- (3)(e) The quarantine period of 72 hours is excessive and hampers commerce.
 - Recommend decreasing quarantine period to 24 hours.

WAC 314-55-085

- (5)(a) Allowing third party transportation companies to ship product will cut costs for businesses and increase safety, as the market will promote the safest and most secure transporters. The details of the arrangement would be required information on the operating plan as it stands in the rules.
- Recommend rephrasing, "Only the marijuana licensee, an employee, an agent, or a contractor that has signed a binding agreement to comply with these rules may transport product."

WAC 314-55-095

- The product limitations in this section make sense for things like brownies and cookies, but they do not make sense for all products. Specifically, highly concentrated, small dosage products are not served by this section. Tinctures, vapor pens, gel capsules, and similar, smokeless products are not as well served by the limitations.
- (2) It is unclear whether "marijuana infused product" refers to a wrapped single-unit for sale, or if it can refer to one of multiple products packed together, such as a blister pack for gel capsules.
 - Recommend adding to rule so that it reads, "The maximum number of servings in any one marijuana infused product is ten servings or one hundred milligrams of active tetrahydrocannabinol (THC), or Delta 9. The maximum number of servings in any one package may be exceeded if the product, through both its delivery mechanism and directions included with the package, allows for precise dose administration."

WAC 314-55-104

- (1) Closed-loop should be defined.
 - Recommend adding sentence, "A closed-loop system is one that performs marijuana extraction, separation, and recovery without releasing anything into the atmosphere. A system is closed-loop only if its components are all rated to withstand the maximum pressures typically associated with the extraction method."
- (2), (3), (6) The requirements for a spark free environment, for 95% purity, and for residual limits are onerous for those using non-volatile extraction solvents such as glycerin and olive oil.
 - Recommend adding definition "In this section, 'solvent' refers to highly-volatile solvents such as butane. It does not include low-volatility solvents such as olive oil and food-grade glycerin."

WAC 314-55-155

- (2)(c) The limitation on marijuana advertising that products have curative or therapeutic effects is rigid and overly constricting.
 - Recommend exceptions, such as, "Represents the use of marijuana has curative or therapeutic effects unless supported by verifiable third-party scientific study."

We appreciate the opportunity to provide suggestions regarding these rules and the Liquor Control Board's role in implementing I-502. We look forward to continuing working with the Board as implementation proceeds. If there are any questions or comments, we may be reached through our attorneys Robert McVay (robert@harrismoure.com) and Hilary Bricken (hilary@harrismoure.com) by email or by phone at (206) 224-5657.

Sincerely,

The Cannabis Business Group

Marijuana Extracts White Paper

Cannabis Business Group

June 3, 2013

A. Introduction:

In November 2012, the people of Washington directly enacted Initiative-502 (I-502) in an effort to allow law enforcement to focus its resources on violent crimes, raise revenue for the state, and bring marijuana into a tightly regulated legal system similar to hard alcohol. The Initiative gave full implementation authority to the Washington State Liquor Control Board (LCB). The LCB immediately began work soliciting public input, and working with members of the medical cannabis industry and associated professionals to draft a full set of regulations to govern a new industry. On May 16, 2013, the LCB released a draft set of rules for stakeholder comment, planning to officially propose the rules some time in June 2013. As a whole, the rules were competent and well thought out. Washington's voters showed good judgment in assigning this task to the LCB.

The position the LCB took relating to marijuana extracts, however, was troubling to stakeholders on the whole. Defining extracts as hash, hash oil, shatter, and wax, the LCB claimed that the Initiative did not allow for retail sales of these products in their pure form. Rather, an extract would need to be infused into another product in order to be sold at retail.

This interpretation represents a significant misstep in an otherwise smart document. It shows an overly narrow approach to statutory interpretation, and it presents significant policy challenges not considered by the people of Washington when they enacted I-502. The proposed ban on the retail sale of extracts decreases the efficacy of I-502, presents new opportunities to black market dealers, and punishes medical and recreational consumers that use pure extracts, placing them back into the criminal system, all in opposition to the intent of the Initiative.

Given these legal and other policy ramifications, the LCB should bring extracts into the same regulatory system as other marijuana products. In order to do so, the LCB must first understand that its hands are not tied by the Initiative. The most reasonable interpretation of the sections allegedly prohibiting sales of extracts is that they fully include pure extracts. Any other interpretation is restricting I-502 in a way that was not contemplated by its drafters or by the voters. In the context of a rational review of the entire Initiative, interpreting the definition sections reveals that integration of extracts into the regulatory system is consistent with both the

goals of the text and its actual language.

B. Policy Position:

As discussed below, the LCB has substantial legal justification for allowing retail sales of marijuana extracts. Whether it actually allows sales of extracts, then, is essentially a policy decision.¹ As described throughout this document, including extracts in the regulated legal scheme is sounder public policy than excluding them. It better enacts the will of the people and denies the black market a significant monopoly on a sought after marijuana product.

1. *Exclusion of Extracts Primarily Benefits Illicit Market Actors.*

I-502's primary goal was to move marijuana from the illegal market into a tightly regulated legal scheme. By disallowing sales of extracts in retail stores, the LCB is empowering the black market, giving it a monopoly over a type of product that is in high demand. Marijuana's often-stated position as a "gateway drug" is based not on any inherent property of marijuana, but rather its illegality. Marijuana extracts will be just another illegal drug readily available on the black market. Individuals who possess extract will necessarily fall under the auspices of the State's Controlled Substances Act, committing crimes for acts that I-502 sought to decriminalize.

If extracts are included in the legal market, the black market monopoly on all marijuana products will disappear. Any black market competition will be price-based, and competent law enforcement can make the cost of doing business so high in the illicit market that its business will dry up. Inclusion of extracts in the licit market will further allow a class of citizens to avoid being classified as felons, benefitting the entire state as well as demonstrating the effectiveness of I-502 as the nation watches.

2. *Public Health and Safety Factors Favor Inclusion of Extracts in Legal Market.*

The LCB's current position on marijuana extracts also has potentially dire ramifications on public health and safety. First, processing of extracts can be a dangerous business. Understanding this, the LCB drafted rules requiring, for example, that any solvent-based extraction process be performed in a closed-loop system. Anyone active in the medical cannabis community knows horror stories about entire buildings burning down because of unsafe, at-home butane-based

¹ Setting aside, for the moment, the argument that the text requires the LCB to allow retail sales of marijuana extracts.

cannabis extraction. If pure extracts are not available in retail stores, prohibition-style responses will occur. Individuals who want to use extracts will attempt to process at home in residential areas, and dangerous products and dangerous conditions will result that will have significantly negative communal and environmental impacts.

3. *Smokeless Forms of Marijuana Offer Potential Health Benefits Over Smoked Marijuana.*

Additionally, marijuana extracts can be healthier for users than traditional dried marijuana flowers. Extracts offer more accurate dosing in a clinically precise way, with no surprises. They also can offer a smokeless alternative to traditional dried marijuana flowers. While there is no conclusive research about carcinogenic effects of heavy use of smoked marijuana, many users will not want to run that risk regardless. In addition to cancer, smoking has been linked to asthma and emphysema.

4. *Measure Damages Washington Fiscally, and the LCB Faces Great Risk of Litigation if Current Extract Policy Remains in Place.*

Exclusion of marijuana extracts will also do fiscal damage to Washington in a number of ways. It will, of course, starve the State of significant tax revenue at a time that such revenue is desperately needed. It will also divert law enforcement resources from violent crimes to continued enforcement of a drug prohibition that the people of Washington believed they overturned.

From the LCB's perspective, the most significant financial issue is that the prohibition will certainly invite litigation. Stakeholders who intend to specialize in marijuana extracts are financially harmed by this decision, and they will sue the LCB to overturn its rules as a result. They will argue that the LCB has overstepped its bounds by enacting further prohibition in contravention of I-502.

On the other hand, if the LCB allows extracts in, the chances of litigation are low. It is unlikely that any party would have the necessary standing to challenge inclusion of extracts at that point. And, even if a party did have standing, the LCB's significant discretion to interpret I-502 would likely rule the day.

C. Legal Position:

1. Draft WAC 314-55-079 Fails to Properly Analyze the Text of I-502.

The LCB has broad discretion in interpreting its governing statutes and in implementing rules pursuant to its authority under those statutes. If an ambiguous statute falls within an agency's expertise, the agency's interpretation of the statute is accorded great weight, provided it does not conflict with the statute.² RCW 69.50.354 and RCW 69.50.101(s), (u), and (v), defining "marijuana," "marijuana-infused products," and "useable marijuana," contain significant ambiguities when read together, and the LCB has the authority to interpret ambiguous statutes in drafting its regulations to best implement the goals of I-502.

The Washington Controlled Substances Act, which I-502 amends, defines "marijuana," as any part of the plant cannabis, its seeds, the resin extracted from any part of the plant, and every compound, manufacture, salt, derivative, mixture, or preparation thereof.³ This broad definition certainly includes hash, hash oil, and any type of marijuana extract containing sufficient amounts of THC.⁴ Pursuant to I-502, "Useable marijuana" is defined as "dried marijuana flowers." "Marijuana-infused products" are defined as products that contain marijuana or marijuana extracts and are intended for human use.

While the definition for "marijuana" can be read alone, the definitions for "useable marijuana" and "marijuana-infused products" must be read in concert. The misstep the LCB made in its draft of proposed WAC 314-55-079 was the belief that "useable marijuana" and "marijuana-infused products" were intended to allow certain products in retail stores while excluding other products that are currently in common use, specifically marijuana extracts. This does not make sense within the greater context of I-502. There is no indication anywhere in I-502 that an entire category of marijuana-based products should remain prohibited under Washington law. The entire Initiative revolves around moving marijuana and marijuana-based products from the illicit market to the legal market. A more reasonable and realistic interpretation of the terms "useable marijuana" and "marijuana-infused products" is that they are meant to encompass all cannabis products for human use, where the only decision for the LCB is which term to use for a particular product.

² *Port of Seattle v. Pollution Control Hearings Board*, 90 P.3d 659, 669 (Wash. 2004); *Pub. Util. Dist. v. State*, 51 P.3d 744, 750 (Wash. 2002).

³ That has a THC concentration greater than 0.3 percent on a dry weight basis.

⁴ See *State v. Jubie*, 15 Wn. App. 881 (1976).

The more inclusive interpretation of the two terms is supported by the stated intent of I-502. By enacting I-502, the people intended that it "[take] marijuana out of the hands of illegal drug organizations and [bring] it under a tightly regulated, state-licensed system similar to that for controlling hard alcohol."⁵ This section does not refer to useable marijuana and marijuana-infused products; it refers to the broad, all-encompassing definition of marijuana. Plainly, the Initiative was intended to legalize and regulate *all* marijuana products.

The definitions further support their inclusive nature by excluding each other. The definition for "useable marijuana" states that it does not include marijuana-infused products. The definition for "marijuana-infused products" stipulates that it does not include useable marijuana. If these definitions were intended to be read in the limiting way applied by the LCB in its draft rules, these exclusions would be redundant. The exclusions exist not only because overlap would lead to greater confusion about possession maximums under I-502, but because they also show us that the goal of the text is to be inclusive of many different products, only specifically excluding where absolutely necessary.

In fact, the LCB's current interpretation of I-502, if adopted by Washington's courts, would re-criminalize possession of marijuana extracts. Under RCW 69.50.4013(3), it is legal for persons age twenty-one and older to possess "useable marijuana" and "marijuana-infused products" in amounts that do not exceed the limits that can be sold at retail.⁶ If marijuana extracts do not fall within either definition, possession of any quantity of extracts would subject the possessor to criminal prosecution, ultimately flying in the face of the spirit of I-502. The notion that possession of a gram of hash oil is criminal *unless* it is injected into a brownie is illogical on its face and shows why the LCB's current interpretation of I-502 is overly narrow. The inclusive interpretation of "useable cannabis" and "cannabis-infused products" is logical because it better implements the intent of I-502 without conflicting with the original language in the Initiative.

D. Proposed Alternatives.

1. Option A: Marijuana Extracts Defined as Useable Marijuana.

Assuming the LCB agrees that marijuana extracts should be deemed to fall within either the category of "useable marijuana" or the category of "marijuana-infused products," the LCB

⁵ Initiative 502, Sec. 1 (2012).

⁶ One ounce of useable cannabis, sixteen ounces of marijuana-infused products in solid form, or 72 ounces of marijuana-infused products in liquid form.

must decide which category is a better fit. "Useable marijuana" would be more suitable on a policy basis. I-502 allows possession of one ounce of "useable marijuana," while it allows possession of up to sixteen ounces of solid "marijuana-infused products," and up to seventy-two ounces of liquid "marijuana-infused products." As marijuana extracts are highly concentrated and contain greater amounts of THC than dried marijuana flowers, a one-ounce limit on possession seems more appropriate than one of the higher allotments.

The meaning of "useable marijuana," however, is limited to dried marijuana flowers. It would be a reasonable reading of the statute, though, if the LCB concludes that dried marijuana flowers should be interpreted to include extracts therefrom. It is not necessary that any part of a marijuana extract *not* be found solely within a dried marijuana flower. By analogy, if one is permitted to possess a tree, one is also permitted to possess tree sap.

2. Option B: Marijuana Extracts Defined as Marijuana-Infused Products.

If the LCB rejects classification of extracts as "useable marijuana," then it will ultimately need to classify them as "marijuana-infused products." This definition fits seamlessly within the statute and does not require any strained reading. As the definition for infused products includes any product that contains "marijuana" or "marijuana extracts," marijuana extracts themselves must reasonably fit. It is fully rational to define a pure marijuana extract as a product that contains marijuana or marijuana extract. The idea that some significant percentage of non-marijuana product must be found in the infused product is neither found in nor required by I-502. While the LCB may be uncomfortable with the maximum possession amounts of marijuana-infused product, it cannot read a new exclusion into the statute because the statute does not work perfectly. The LCB's current argument that marijuana extracts do not contain marijuana extracts cannot survive scrutiny either.

3. Option C: A Workaround.

If the LCB concludes that the terms "useable marijuana" and "marijuana-infused products" were drafted to exclude certain marijuana products for human consumption, it can still work around the situation through its interpretation of "marijuana-infused products." I-502 contains no indication that a certain amount of non-marijuana product be included in an infused product. Therefore, if the LCB feels that its hands are tied by the Initiative regarding pure extracts, it can allow extracts containing very low percentages of non-marijuana products. A mixture containing

97% hash oil and 3% water clearly meets the infused product definition of anything that contains marijuana or marijuana extract.

If the LCB attempts to place stringent limits on what percentage of non-marijuana content constitutes infusion, it runs into significant legal and line-drawing problems. Any such limitation the LCB puts into place would be arbitrary and potentially outside the scope of its authority, and stakeholders would likely sue the LCB for implementing a system that favored certain marijuana-infused products over others. If the LCB wants to avoid a legal challenge, it will likely need to make any additional limitations on infused products as inclusive as possible.

E. Conclusion:

The LCB did tremendous work in submitting draft rules only six months after the public voted for I-502. The rules are largely fair and lay a solid foundation for building a new industry in Washington. If the LCB solves the problem it created with its extract prohibition, I-502 stands a much greater chance of succeeding as a whole.

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 1:02 PM
To: 'sam terpstra'
Subject: RE: comment on i502 initial draft rules

Sam,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: sam terpstra [<mailto:sterpstra@gmail.com>]
Sent: Monday, June 10, 2013 4:59 PM
To: rules
Subject: comment on i502 initial draft rules

I was at several of the public forums and I appreciate the liquor control board's humility and composure in holding those meetings. The initial draft rules clearly show that you took almost all of the major topics that were important to the majority of those in attendance and integrated them into the draft rules. Unfortunately there is one glaring exception that is nowhere to be found in the initial draft rules; I believe this was both the most consistent comment at the forums.

What the draft rules are missing is some encouragement for smaller licensees versus larger ones (or, put another way, by not mentioning any size restrictions, the rules perpetuate the business status quo of providing better opportunities for those with more capital to invest). In my estimation, this suggestion was made by at least one third of speakers at the forums. Tellingly, the one speaker who spoke against limiting licensees (at the Seattle forum, in the first hour of public comment) was shouted down by a crowd whom strongly disagreed. (Note: the gentleman who did made that comment is very publicly visible as stating that he wants to control as much of the market as possible). Putting aside philosophical reasons why you should promote the "little guy," the policy behind i502 will be contravened if no protections, even temporarily, promote smaller licensees over larger ones.

Permitting the best-funded and most economically secure people to use their economic weight unchecked will contravene one of the most important public policy concerns of the law: to dismantle the black market in marijuana. The majority of individuals currently involved in the illegal marijuana trade do so on a small scale. These people--a good number of which came to the 502 meetings around the state--are excited and interested in taking part in the upcoming legal marijuana market. I believe the majority of these would not be able to contribute under the current rules; they will be unable to compete with Microsoft millionaires and out-of-state venture capital (laundered through companies like the ArcView group) whom will use common business tactics to nullify less economically secure parties (such as taking a loss for several years). While there is nothing illegal about such business tactics, one of the underlying purposes of the law was to undercut the black market. I believe that the millionaire and venture capital funded marijuana businesses will temporarily slow the black

market, only to have it reemerge within a few years (or months) from people whom discover that they cannot compete.

Please fully consider this idea. Economies of scale have always favored the large over the small when unregulated; nowhere is this more evident than with agriculture. In the legal marijuana industry there will be particularly heavy weight on those who come to the table with funding: banks will not touch marijuana businesses. (Note: Bankers will, but banks will not. See the distinction?) Even those people who find they can enter the market will not be able to weather the first few years of market instability. The large investors know this very well and will (as I suggested above) use their market power to increase that instability.

Should the WSLCB choose to avoid this tough issue I will honestly not be surprised. The timeline is short, and the small number of wealthy people who will be affected have the resources to complain loudly and publicly. Their potential profits are astronomical (which, by the way, should be contrasted with the moderate profits that smaller participants can expect). They will be more than happy to invest some of that to assure that yet another commodity becomes a wall street rather than main street income stream.

Thank you for your time.

Sam Terpstra
(503) 451-0726
sterpstra@gmail.com

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 1:06 PM
To: 'Robert Breeden'
Subject: RE: Proposed Changes to Initial Draft Rules.

Robert,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Robert Breeden [<mailto:robert.breeden@gmail.com>]
Sent: Monday, June 10, 2013 5:06 PM
To: rules
Subject: Proposed Changes to Initial Draft Rules.

Dear WSLCB,

In Section WAC 314-55-075 Eliminate Sub Section #4. There should be no limit on the number of qualified Producers, Processors and Retailers.

In Section WAC 314-55-105 Eliminate Sub Section #7 and 8. The claims are unfounded and not supported by fact.

I hope the above helps you.

Sincerely,
Robert Breeden

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 1:08 PM
To: 'Pete O'Neil'
Subject: RE: Initiative 502 Initial draft rules input questions?

Pete,

I have answered your questions below.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Pete O'Neil [<mailto:peteoneil@yahoo.com>]
Sent: Monday, June 10, 2013 5:09 PM
To: rules
Subject: Initiative 502 Initial draft rules input questions?

Dear Sirs,
I had just a few questions about operations.

Like medical clinics would 502 retail shops be able to deliver product to exciting customers? No.

If the correct location is found, zoning allows and cameras record sales could a 502 retail location be allow to operate a drive thru window? No.

If a retail location uses a licensed national brand in its operations would the royalties' payments to the licensor be allowed and would the licensor need to be listed as location financier? A retailer could not use a licensed national brand in its operations.

Pete O'Neil
206-906-9778 (Home Office)
206-551-0438 (Cell)

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 1:05 PM
To: 'Robert McVay'
Subject: RE: Comments on I-502 Initial Draft Rules - Cannabis Business Group

Robert,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

-----Original Message-----

From: Robert McVay [<mailto:robert@harrismoure.com>]
Sent: Monday, June 10, 2013 5:03 PM
To: rules
Cc: Hilary Bricken
Subject: Comments on I-502 Initial Draft Rules - Cannabis Business Group

Dear Ms. McCall:

I am writing on behalf of the Cannabis Business Group, a non-profit trade association representing a range of businesses involved in Washington's cannabis industry. I have attached two documents to this message. One is a set of comments and proposed edits to the I-502 Initial Draft Rules, and the other attachment is a white paper that specifically relates to treatment of marijuana extracts under the draft rules.

We appreciate the opportunity to participate in the process and look forward to formal issuance of the proposed rules. If you have any questions or comments, do not hesitate to contact me.

Best regards,

Robert McVay

Attorney at Law

Canna Law Group, a practice group of Harris & Moure, pllc
600 Stewart Street, suite 1200
Seattle, Washington 98101
Phone: (206) 224-5657
Fax: (206) 224-5659

www.cannabislawseattle.com

www.cannalawblog.com

The information in this e-mail may be privileged and protected from disclosure. If you are not its intended recipient, dissemination or copying is prohibited. If you think you received this in error, please notify the sender by e-mail and delete the message.

None of the advice in this communication was intended to be used to avoid tax-related penalties nor should it be used to promote, market or recommend any tax-related matters to another party. The use, possession, and distribution of cannabis is a Federal crime. My advice is solely tailored for compliance with Washington state cannabis laws.

I-502 Draft Rules: Recommending Clarifying and Technical Edits
The Cannabis Business Group

Karen McCall
Rules Coordinator
Liquor Control Board
P.O. Box 43080
Olympia, WA 98504-3080
rules@liq.wa.gov

Re: Proposed Clarifying and Technical Edits to I-502 Initial Draft Rules

Dear Ms. McCall:

The Cannabis Business Group, upon fully reviewing the I-502 draft rules distributed by the Liquor Control Board, submits this collection of edits and amendments for the rules. We recognize and appreciate all of the work that the LCB has put into these draft rules. These proposed amendments seek to clarify remaining ambiguities while making adjustments for issues that the drafters may not have considered.

WAC 314-55-010

- (13) Public Transit Center – suggest making the number of bus routes clear.
 - Recommend “six or more bus routes.”
- (14) Recreation Center or facility – add terms clarifying that it is a youth-oriented facility.
 - Recommend “... a supervised center intended for use by children ...”

WAC 314-55-020

- (7) The residency requirement is unclear. The rule states that “[a]ll members must also meet the three month residency requirement.” Member is not otherwise defined in the statute. The residency requirement should be clarified so that it refers to “true parties of interest” but not “financiers.”
 - Recommend adding sentence “As used in this section, the term ‘member’ is defined as any true party of interest as defined in WAC 314-55-035, unless the party is only a true party of interest by spousal relationship.”

WAC 314-55-050

- (9) Many applicants have likely applied for local city business licenses for medical marijuana and had those licenses denied. That itself is not a negligent or malicious act, as many jurisdictions have unclear rules regarding medical marijuana businesses, and it should not be grounds for denial, suspension, or cancellation of a license.
 - Recommend removing “or medical marijuana license.”

WAC 314-55-079

- (2) Please see Cannabis Business Group White Paper on Marijuana Extracts.

WAC 314-55-081

- This entire proposed WAC is unclear regarding the responsibilities of would-be retailers. It is unclear when the actual application would be due. It is also unclear when the retailer would be applying on behalf of himself/herself and when the retailer would be applying on behalf of a particular business location.
- (3) A random drawing should be the last alternative after exhausting qualitative approaches, such as city/county recommendation, building location, viability of business plan, etc. Rather than have a random drawing prior to applying, the LCB should judge the applications on their merits and only hold a drawing if there are a number of equally qualified applicants.

WAC 314-55-082

- (1) There is no minimum dollar amount on the liability insurance requirement.
 - Recommend including minimum, such as \$500,000 per incident and \$2 million per year.)

WAC 314-55-083

- (3)(e) The quarantine period of 72 hours is excessive and hampers commerce.
 - Recommend decreasing quarantine period to 24 hours.

WAC 314-55-085

- (5)(a) Allowing third party transportation companies to ship product will cut costs for businesses and increase safety, as the market will promote the safest and most secure transporters. The details of the arrangement would be required information on the operating plan as it stands in the rules.
- Recommend rephrasing, "Only the marijuana licensee, an employee, an agent, or a contractor that has signed a binding agreement to comply with these rules may transport product."

WAC 314-55-095

- The product limitations in this section make sense for things like brownies and cookies, but they do not make sense for all products. Specifically, highly concentrated, small dosage products are not served by this section. Tinctures, vapor pens, gel capsules, and similar, smokeless products are not as well served by the limitations.
- (2) It is unclear whether "marijuana infused product" refers to a wrapped single-unit for sale, or if it can refer to one of multiple products packed together, such as a blister pack for gel capsules.
 - Recommend adding to rule so that it reads, "The maximum number of servings in any one marijuana infused product is ten servings or one hundred milligrams of active tetrahydrocannabinol (THC), or Delta 9. The maximum number of servings in any one package may be exceeded if the product, through both its delivery mechanism and directions included with the package, allows for precise dose administration."

WAC 314-55-104

- (1) Closed-loop should be defined.
 - Recommend adding sentence, "A closed-loop system is one that performs marijuana extraction, separation, and recovery without releasing anything into the atmosphere. A system is closed-loop only if its components are all rated to withstand the maximum pressures typically associated with the extraction method."
- (2), (3), (6) The requirements for a spark free environment, for 95% purity, and for residual limits are onerous for those using non-volatile extraction solvents such as glycerin and olive oil.
 - Recommend adding definition "In this section, 'solvent' refers to highly-volatile solvents such as butane. It does not include low-volatility solvents such as olive oil and food-grade glycerin."

WAC 314-55-155

- (2)(c) The limitation on marijuana advertising that products have curative or therapeutic effects is rigid and overly constricting.
 - Recommend exceptions, such as, "Represents the use of marijuana has curative or therapeutic effects unless supported by verifiable third-party scientific study."

We appreciate the opportunity to provide suggestions regarding these rules and the Liquor Control Board's role in implementing I-502. We look forward to continuing working with the Board as implementation proceeds. If there are any questions or comments, we may be reached through our attorneys Robert McVay (robert@harrismoure.com) and Hilary Bricken (hilary@harrismoure.com) by email or by phone at (206) 224-5657.

Sincerely,

The Cannabis Business Group

Marijuana Extracts White Paper

Cannabis Business Group

June 3, 2013

A. Introduction:

In November 2012, the people of Washington directly enacted Initiative-502 (I-502) in an effort to allow law enforcement to focus its resources on violent crimes, raise revenue for the state, and bring marijuana into a tightly regulated legal system similar to hard alcohol. The Initiative gave full implementation authority to the Washington State Liquor Control Board (LCB). The LCB immediately began work soliciting public input, and working with members of the medical cannabis industry and associated professionals to draft a full set of regulations to govern a new industry. On May 16, 2013, the LCB released a draft set of rules for stakeholder comment, planning to officially propose the rules some time in June 2013. As a whole, the rules were competent and well thought out. Washington's voters showed good judgment in assigning this task to the LCB.

The position the LCB took relating to marijuana extracts, however, was troubling to stakeholders on the whole. Defining extracts as hash, hash oil, shatter, and wax, the LCB claimed that the Initiative did not allow for retail sales of these products in their pure form. Rather, an extract would need to be infused into another product in order to be sold at retail.

This interpretation represents a significant misstep in an otherwise smart document. It shows an overly narrow approach to statutory interpretation, and it presents significant policy challenges not considered by the people of Washington when they enacted I-502. The proposed ban on the retail sale of extracts decreases the efficacy of I-502, presents new opportunities to black market dealers, and punishes medical and recreational consumers that use pure extracts, placing them back into the criminal system, all in opposition to the intent of the Initiative.

Given these legal and other policy ramifications, the LCB should bring extracts into the same regulatory system as other marijuana products: In order to do so, the LCB must first understand that its hands are not tied by the Initiative. The most reasonable interpretation of the sections allegedly prohibiting sales of extracts is that they fully include pure extracts. Any other interpretation is restricting I-502 in a way that was not contemplated by its drafters or by the voters. In the context of a rational review of the entire Initiative, interpreting the definition sections reveals that integration of extracts into the regulatory system is consistent with both the

goals of the text and its actual language.

B. Policy Position:

As discussed below, the LCB has substantial legal justification for allowing retail sales of marijuana extracts. Whether it actually allows sales of extracts, then, is essentially a policy decision.¹ As described throughout this document, including extracts in the regulated legal scheme is sounder public policy than excluding them. It better enacts the will of the people and denies the black market a significant monopoly on a sought after marijuana product.

1. *Exclusion of Extracts Primarily Benefits Illicit Market Actors.*

I-502's primary goal was to move marijuana from the illegal market into a tightly regulated legal scheme. By disallowing sales of extracts in retail stores, the LCB is empowering the black market, giving it a monopoly over a type of product that is in high demand. Marijuana's often-stated position as a "gateway drug" is based not on any inherent property of marijuana, but rather its illegality. Marijuana extracts will be just another illegal drug readily available on the black market. Individuals who possess extract will necessarily fall under the auspices of the State's Controlled Substances Act, committing crimes for acts that I-502 sought to decriminalize.

If extracts are included in the legal market, the black market monopoly on all marijuana products will disappear. Any black market competition will be price-based, and competent law enforcement can make the cost of doing business so high in the illicit market that its business will dry up. Inclusion of extracts in the licit market will further allow a class of citizens to avoid being classified as felons, benefitting the entire state as well as demonstrating the effectiveness of I-502 as the nation watches.

2. *Public Health and Safety Factors Favor Inclusion of Extracts in Legal Market.*

The LCB's current position on marijuana extracts also has potentially dire ramifications on public health and safety. First, processing of extracts can be a dangerous business. Understanding this, the LCB drafted rules requiring, for example, that any solvent-based extraction process be performed in a closed-loop system. Anyone active in the medical cannabis community knows horror stories about entire buildings burning down because of unsafe, at-home butane-based

¹ Setting aside, for the moment, the argument that the text requires the LCB to allow retail sales of marijuana extracts.

cannabis extraction. If pure extracts are not available in retail stores, prohibition-style responses will occur. Individuals who want to use extracts will attempt to process at home in residential areas, and dangerous products and dangerous conditions will result that will have significantly negative communal and environmental impacts.

3. *Smokeless Forms of Marijuana Offer Potential Health Benefits Over Smoked Marijuana.*

Additionally, marijuana extracts can be healthier for users than traditional dried marijuana flowers. Extracts offer more accurate dosing in a clinically precise way, with no surprises. They also can offer a smokeless alternative to traditional dried marijuana flowers. While there is no conclusive research about carcinogenic effects of heavy use of smoked marijuana, many users will not want to run that risk regardless. In addition to cancer, smoking has been linked to asthma and emphysema.

4. *Measure Damages Washington Fiscally, and the LCB Faces Great Risk of Litigation if Current Extract Policy Remains in Place.*

Exclusion of marijuana extracts will also do fiscal damage to Washington in a number of ways. It will, of course, starve the State of significant tax revenue at a time that such revenue is desperately needed. It will also divert law enforcement resources from violent crimes to continued enforcement of a drug prohibition that the people of Washington believed they overturned.

From the LCB's perspective, the most significant financial issue is that the prohibition will certainly invite litigation. Stakeholders who intend to specialize in marijuana extracts are financially harmed by this decision, and they will sue the LCB to overturn its rules as a result. They will argue that the LCB has overstepped its bounds by enacting further prohibition in contravention of I-502.

On the other hand, if the LCB allows extracts in, the chances of litigation are low. It is unlikely that any party would have the necessary standing to challenge inclusion of extracts at that point. And, even if a party did have standing, the LCB's significant discretion to interpret I-502 would likely rule the day.

C. Legal Position:

1. *Draft WAC 314-55-079 Fails to Properly Analyze the Text of I-502.*

The LCB has broad discretion in interpreting its governing statutes and in implementing rules pursuant to its authority under those statutes. If an ambiguous statute falls within an agency's expertise, the agency's interpretation of the statute is accorded great weight, provided it does not conflict with the statute.² RCW 69.50.354 and RCW 69.50.101(s), (u), and (v), defining "marijuana," "marijuana-infused products," and "useable marijuana," contain significant ambiguities when read together, and the LCB has the authority to interpret ambiguous statutes in drafting its regulations to best implement the goals of I-502.

The Washington Controlled Substances Act, which I-502 amends, defines "marijuana," as any part of the plant cannabis, its seeds, the resin extracted from any part of the plant, and every compound, manufacture, salt, derivative, mixture, or preparation thereof.³ This broad definition certainly includes hash, hash oil, and any type of marijuana extract containing sufficient amounts of THC.⁴ Pursuant to I-502, "Useable marijuana" is defined as "dried marijuana flowers." "Marijuana-infused products" are defined as products that contain marijuana or marijuana extracts and are intended for human use.

While the definition for "marijuana" can be read alone, the definitions for "useable marijuana" and "marijuana-infused products" must be read in concert. The misstep the LCB made in its draft of proposed WAC 314-55-079 was the belief that "useable marijuana" and "marijuana-infused products" were intended to allow certain products in retail stores while excluding other products that are currently in common use, specifically marijuana extracts. This does not make sense within the greater context of I-502. There is no indication anywhere in I-502 that an entire category of marijuana-based products should remain prohibited under Washington law. The entire Initiative revolves around moving marijuana and marijuana-based products from the illicit market to the legal market. A more reasonable and realistic interpretation of the terms "useable marijuana" and "marijuana-infused products" is that they are meant to encompass all cannabis products for human use, where the only decision for the LCB is which term to use for a particular product.

² *Port of Seattle v. Pollution Control Hearings Board*, 90 P.3d 659, 669 (Wash. 2004); *Pub. Util. Dist. v. State*, 51 P.3d 744, 750 (Wash. 2002).

³ That has a THC concentration greater than 0.3 percent on a dry weight basis.

⁴ *See State v. Jubie*, 15 Wn. App. 881 (1976).

The more inclusive interpretation of the two terms is supported by the stated intent of I-502. By enacting I-502, the people intended that it "[take] marijuana out of the hands of illegal drug organizations and [bring] it under a tightly regulated, state-licensed system similar to that for controlling hard alcohol."⁵ This section does not refer to useable marijuana and marijuana-infused products; it refers to the broad, all-encompassing definition of marijuana. Plainly, the Initiative was intended to legalize and regulate *all* marijuana products.

The definitions further support their inclusive nature by excluding each other. The definition for "useable marijuana" states that it does not include marijuana-infused products. The definition for "marijuana-infused products" stipulates that it does not include useable marijuana. If these definitions were intended to be read in the limiting way applied by the LCB in its draft rules, these exclusions would be redundant. The exclusions exist not only because overlap would lead to greater confusion about possession maximums under I-502, but because they also show us that the goal of the text is to be inclusive of many different products, only specifically excluding where absolutely necessary.

In fact, the LCB's current interpretation of I-502, if adopted by Washington's courts, would re-criminalize possession of marijuana extracts. Under RCW 69.50.4013(3), it is legal for persons age twenty-one and older to possess "useable marijuana" and "marijuana-infused products" in amounts that do not exceed the limits that can be sold at retail.⁶ If marijuana extracts do not fall within either definition, possession of any quantity of extracts would subject the possessor to criminal prosecution, ultimately flying in the face of the spirit of I-502. The notion that possession of a gram of hash oil is criminal *unless* it is injected into a brownie is illogical on its face and shows why the LCB's current interpretation of I-502 is overly narrow. The inclusive interpretation of "useable cannabis" and "cannabis-infused products" is logical because it better implements the intent of I-502 without conflicting with the original language in the Initiative.

D. Proposed Alternatives.

1. *Option A: Marijuana Extracts Defined as Useable Marijuana.*

Assuming the LCB agrees that marijuana extracts should be deemed to fall within either the category of "useable marijuana" or the category of "marijuana-infused products," the LCB

⁵ Initiative 502, Sec. 1 (2012).

⁶ One ounce of useable cannabis, sixteen ounces of marijuana-infused products in solid form, or 72 ounces of marijuana-infused products in liquid form.

must decide which category is a better fit. "Useable marijuana" would be more suitable on a policy basis. I-502 allows possession of one ounce of "useable marijuana," while it allows possession of up to sixteen ounces of solid "marijuana-infused products," and up to seventy-two ounces of liquid "marijuana-infused products." As marijuana extracts are highly concentrated and contain greater amounts of THC than dried marijuana flowers, a one-ounce limit on possession seems more appropriate than one of the higher allotments.

The meaning of "useable marijuana," however, is limited to dried marijuana flowers. It would be a reasonable reading of the statute, though, if the LCB concludes that dried marijuana flowers should be interpreted to include extracts therefrom. It is not necessary that any part of a marijuana extract *not* be found solely within a dried marijuana flower. By analogy, if one is permitted to possess a tree, one is also permitted to possess tree sap.

2. *Option B: Marijuana Extracts Defined as Marijuana-Infused Products.*

If the LCB rejects classification of extracts as "useable marijuana," then it will ultimately need to classify them as "marijuana-infused products." This definition fits seamlessly within the statute and does not require any strained reading. As the definition for infused products includes any product that contains "marijuana" or "marijuana extracts," marijuana extracts themselves must reasonably fit. It is fully rational to define a pure marijuana extract as a product that contains marijuana or marijuana extract. The idea that some significant percentage of non-marijuana product must be found in the infused product is neither found in nor required by I-502. While the LCB may be uncomfortable with the maximum possession amounts of marijuana-infused product, it cannot read a new exclusion into the statute because the statute does not work perfectly. The LCB's current argument that marijuana extracts do not contain marijuana extracts cannot survive scrutiny either.

3. *Option C: A Workaround.*

If the LCB concludes that the terms "useable marijuana" and "marijuana-infused products" were drafted to exclude certain marijuana products for human consumption, it can still work around the situation through its interpretation of "marijuana-infused products." I-502 contains no indication that a certain amount of non-marijuana product be included in an infused product. Therefore, if the LCB feels that its hands are tied by the Initiative regarding pure extracts, it can allow extracts containing very low percentages of non-marijuana products. A mixture containing

97% hash oil and 3% water clearly meets the infused product definition of anything that contains marijuana or marijuana extract.

If the LCB attempts to place stringent limits on what percentage of non-marijuana content constitutes infusion, it runs into significant legal and line-drawing problems. Any such limitation the LCB puts into place would be arbitrary and potentially outside the scope of its authority, and stakeholders would likely sue the LCB for implementing a system that favored certain marijuana-infused products over others. If the LCB wants to avoid a legal challenge, it will likely need to make any additional limitations on infused products as inclusive as possible.

E. Conclusion:

The LCB did tremendous work in submitting draft rules only six months after the public voted for I-502. The rules are largely fair and lay a solid foundation for building a new industry in Washington. If the LCB solves the problem it created with its extract prohibition, I-502 stands a much greater chance of succeeding as a whole.

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 1:04 PM
To: 'LPetty@bellevuewa.gov'
Subject: RE: Draft WAC 314-55

Leslie,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

-----Original Message-----

From: LPetty@bellevuewa.gov [<mailto:LPetty@bellevuewa.gov>]
Sent: Monday, June 10, 2013 5:00 PM
To: rules
Subject: Draft WAC 314-55

Good Afternoon,

Here is the letter from Lori Riordan from The City of Bellevue.

Thank you,
Leslie Petty
425-452-6829

City of
Bellevue



Office of the City Attorney • 425-452-6829 • Fax 425-452-7256
Post Office Box 90012 • Bellevue, Washington • 98009 9012

June 10, 2013

Rules Coordinator
Liquor Control Board
P.O. Box 43080
Olympia, WA 98504-3080

TO BE SENT: rules@liq.wa.gov

Re: Draft WAC 314-55, Marijuana Licenses, Application Process,
Requirements and Reporting

Dear Rules Coordinator:

Thank you for providing this opportunity to review and comment upon the draft Rules Implementing I-502. As you clearly recognize, this unprecedented approach to marijuana production and sales presents significant challenges for both state and local government.

An overarching concern for the City of Bellevue is the lack of reference to local control over zoning and development regulations for all uses of property. It is extremely important to set expectations for applicants that they will be required to demonstrate that their proposed businesses—be they the cultivation, production/packaging or retail sales of marijuana and marijuana products—are consistent with local regulations. Bellevue foresees significant opportunity for conflict not only with licensees but also with state regulators if there is any misunderstanding regarding local control and the scope of any license issued by the Liquor Control Board. With these Rules it is imperative that the state explicitly inform prospective licensees that no license will be granted by the LCB absent proof that the licensee has secured a location for its marijuana business that complies with local zoning.

The City of Bellevue has the following additional specific concerns regarding the proposed Rules:

Maximum Number of Retail Outlets. There is nothing in the LCB's proposed timeframe which addresses the determination of the maximum number of retail outlets that may be licensed in each county.¹ We are concerned about the lack of clarity as to the process by which the LCB will make this determination and issue retail licenses. If there are more applicants for licenses than allowed by the LCB in a county, it appears that the LCB will issue licenses based on a "random drawing,"² or by selection of names "at random from the initial list of interested parties."³

¹ RCW 69.50.345(2).

² Draft Rules WAC 314-55-081(3).

³ Draft Rules WAC 314-55-081(5).

However, the LCB is first required to consult with the office of financial management, to determine:

the maximum number of retail outlets that may be licensed in each county, taking into consideration: (a) population distribution; (b) security and safety issues; and (c) the provision of adequate access to licensed sources of usable marijuana and marijuana-infused products to discourage purchases from the illegal market.⁴

This provision contemplates a deliberative process taking into account important factors to avoid haphazard issuance of licenses. Bellevue urges the LCB to revise its proposed timeframe for adoption of the Rules and issuance of licenses in order to determine the number of marijuana retail license locations in each county prior to issuance of any licenses. In addition, adequate time should be allocated after the LCB's initial draft determination of the number of allowed retail outlets to be licensed in each county, so that municipalities have an opportunity to provide comment on this important issue

The Rules Should Include a Requirement that the Applicant Provide Additional Information. Under RCW 69.50.331(7) (b), cities, towns and counties may file written objections against the applicant or the premises for which a new or renewed license for production, processing and retailing is sought.⁵ However, there is nothing in that statute or the draft Rules which lists the information that will be provided to a municipality to evaluate prior to making a decision whether to file written objections. Other than the separation/distance limitations,⁶ there is no requirement for the proposed activities to take place on property that is appropriately zoned for such use. As noted above, the City of Bellevue is very concerned that the Rules be clear as to this requirement. Further, neither RCW 69.50.331 nor the draft Rules require the applicant for a license to provide information on his/her proposed use of potable water, electricity, transportation impacts or compliance with storm water regulations.⁷ No license should be issued by the LCB until the applicant has demonstrated adequacy of infrastructure at its proposed business location.

The LCB Should Require that the Applicant Demonstrate that the Business has or Will be Able to Obtain a Building Permit from the Local Jurisdiction. Marijuana production must take place within a "fully enclosed secure indoor facility or greenhouse with rigid walls, a roof and doors."⁸ There are requirements for the licensee to submit floor and/or site plans of the structure with security details and an operating plan.⁹ Yet there is no requirement that the licensee obtain the necessary permits for this structure from the local municipality with jurisdiction, apparently because this will occur after issuance of the license by the LCB. However, the LCB should be aware that it may be approving a license based on a floor and/or site plan that may not

⁴ RCW 69.50.345(2).

⁵ RCW 69.50.331(7) (b).

⁶ RCW 69.50.331(8).

⁷ The City assumes that if marijuana production must take place within a fully enclosed indoor facility or greenhouse, there will be a substantial increase in impervious surfaces, resulting in a corresponding increase in storm water.

⁸ Draft Rules WAC 314-55-075.

⁹ Draft Rules WAC 314-55-020(8).

subsequently be approved by the local jurisdiction. And, even though the State performs electrical inspections, there is no requirement that the structure satisfy the State's electrical requirements.

Practical experience with illegal marijuana operations has show that some growers will remove structural elements of a building in order to grow as many plants as possible. Elimination of these structural elements may endanger the employees of the business. Likewise, electrical systems have been dangerously overloaded in illegal marijuana indoor grow operations, increasing the likelihood of fires. A pre-approved building permit for the plans submitted to the LCB should also be a minimum requirement for a licensee.

Definitions Should Include Reference to Public and Private Sensitive Uses. To protect children, the LCB can't issue a license for a marijuana producer, processor or retailer who plans to operate premises located within 1,000 feet of the perimeter of certain uses, defined in the draft Rules. However, some of these uses are defined as publicly-owned and others are not. For example, a playground is "a public outdoor recreation area for children . . ." ¹⁰ A "recreation center" is "a supervised center that provides a broad range of activities and events." ¹¹ The distinction between a public playground and a private playground and recreation centers does not adequately protect children from these marijuana uses.

The LCB Shouldn't Issue a License Unless the Applicant is Current on Local Taxes and Utility Charges. The draft Rules provide that the licensee must be current with regard to his/her tax obligations to the Washington State Department of Revenue. ¹² Language should be added to require that the licensee be current with all tax, business licensing or utility obligations to the municipality or local jurisdiction as a prerequisite to obtaining a license.

Local Police Should be Notified in Case of a Break-in. The security requirements for a marijuana licensee do not require that the alarm system be set to alert local law enforcement in the case of a break-in or other disturbance. ¹³ However, this is information needed by the local jurisdiction so that it can provide written objections of "chronic illegal activity" in opposition to renewal of a license.

Limitations on Purchases. Although there is a limitation on the amount of marijuana that may be purchased by an individual in any one transaction, the proposed rules do not adequately address the possibility that an individual may seek to make additional purchases at different retailers within a short period of time. Bellevue suggests that the LCB consider treating marijuana purchasers in the manner developed for purchases of pseudoephedrine products which are used to manufacture methamphetamine, requiring that purchasers sign for the product and are limited from purchasing for a designated period of time.

Hours of Retail Operation should be curtailed. The City of Bellevue is concerned with the potential draw on police resources due to the very lengthy daily period during which retail sales

¹⁰ Draft Rules WAC 314-55-010(11).

¹¹ *Id.*, WAC 314-55-010(14).

¹² Draft Rules WAC 314-55-020(11).

¹³ Draft Rules WAC 314-55-083.

may be conducted. There does not appear to be any justification for these businesses to open so early in the morning and remain open until well after midnight, and so close in time to the closing of liquor-licensed establishments. The closing time is of particular concern as these businesses may well be a draw for persons leaving bars and other drinking establishments.

Availability of Seed to Sales Tracking to Law Enforcement. Access to the LCB database contemplated in the proposed rules should be provided to law enforcement through WACIC in order to address potential criminal activity in violation of Chapter 69.50.

No Delivery of Marijuana Outside the Structure. Under RCW 69.50.360(3), “delivery, distribution and sale *on the premises of the retail outlet*, of any combination of the following amounts of usable marijuana or marijuana-infused product to any person 21 years of age or older” is not a criminal or civil offense. The Rules should be clear that no licensee can take orders for marijuana from any member of the public or hire delivery persons to make at-home deliveries (like pizza delivery). While the LCB may believe that the existing language is adequate, it is important to be clear on this issue, given that such deliveries are commonplace in other states for medical marijuana.

No Drive Up Windows for Marijuana Sales. The draft Rules should be clear that for security concerns, no licensee shall have a drive-up window service for the purchase of marijuana or marijuana-infused products.

Sign Regulations Supplement Local Sign Codes. The draft Rules do not mention the prohibition on signs within 1,000 feet of certain defined sensitive uses, except in the penalty section. The draft Rules should be clear that in addition to these requirements, most local jurisdictions also have sign regulations.

One Standard of Review for Granting a License. In RCW 69.50.331(9), when determining whether to grant or deny a license or renewal of any license, the LCB is required to give “substantial weight” to objections from an incorporated city, town or county legislative authority, based on “chronic illegal activity.” In the draft Rules, the term “substantial weight” is omitted, and the LCB is to “give due consideration” to a municipality’s objections to a renewal of a license.¹⁴ These are two different standards of review and the Rules should reflect the statutory standard provided.¹⁵

Marijuana Impact Area. The LCB adopted a procedure for “alcohol impact areas” within a city, town or county that is adversely affected by the negative aspects of alcohol.¹⁶ Once an alcohol impact area is designated, the LCB may place special conditions or restrictions on liquor sales, liquor products, applicants, or licensees. A different type of investigative and review process for evaluation of liquor licenses applies in alcohol impact areas.

¹⁴ Draft WAC 314-55-165.

¹⁵ See, *Westberry v. Interstate Distributor*, 164 Wash. App. 196, 207, 263 P.3d 1251 (2011) (“Substantial weight is given to an agency’s interpretation of the statutes it administers that are within the agency’s specialized expertise.” Due consideration “means to give such weight or significance to a particular factor as under the circumstances it seems to merit, and this involves discretion.” *Prestige Stations, Inc. v. Washington Liquor Control Board*, 33 Wash. App. 669, 676, 657 P.2d 322 (1982).

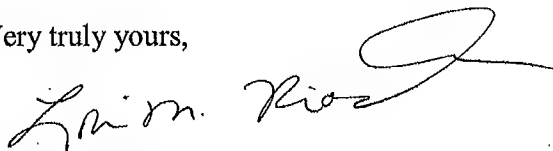
¹⁶ WAC 314-12-215.

Bellevue urges the LCB to adopt a similar rule for marijuana. Comment should be obtained from local jurisdictions on the need for and designation of these marijuana impact areas. The criteria for designation may well be different than those for alcohol impact areas, given the differences between the uses. Once designated, the LCB should not issue any licenses for marijuana production, processing or retailing in a marijuana impact area.

Penalties for Violations should be More Significant. Given the potential for very high levels of income for marijuana production and sales, the low penalties proposed do not appear calculated to act as an effective deterrent for future violations. Bellevue urges the LCB to raise the monetary penalties to levels that would actively discourage repeated and multiple violations so that fines are not simply a "cost of doing business."

The City of Bellevue appreciates the opportunity provided by the LCB to review the "initial draft rules dated 05.16.2013." We anticipate that Bellevue will have further comments when the "proposed rule" is released together with the threshold determination required under the State Environmental Policy Act consistent with the terms of WAC 197-11-055(3)(b). Until such time as the "proposed rule" is completed, we appreciate the opportunity to continue to be involved in informal review and consultations such as these.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Lori M. Riordan".

Lori M. Riordan
City Attorney
City of Bellevue

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 11:39 AM
To: 'William Johnson'
Subject: RE: Proposed I-502 Draft Rules

William,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: William Johnson [<mailto:johnsonwm@email.appstate.edu>]
Sent: Monday, June 10, 2013 3:37 AM
To: Little@CO.Cowlitz.wa.us
Cc: Misnerj@co.cowlitz.wa.us; rules
Subject: Proposed I-502 Draft Rules

Dear Mr. Little,
My name is William Johnson and I am partners with Tina Cox at Lady Earth Botanicals. We wanted to submit a draft of our proposed set of regulations from which we would like to see the county's 502 economy develop around and in a sustainable, environmentally conscience manner so that it is seen as a assest rather than a nuisance to the community. We just wanted to make the county commissioner, building and planning , and WLB aware of our future plans and how we feel the system could be designed to insure the most benefit to the community while still being a sustainable business. I will have a more updated draft in two weeks. Any feed back would help in designing our own plans to submi. Thanks and I hope to hear from you soon.

William

Cowlitz County **Draft** rules suggested

by

Tina Cox & William Johnson

Tina Cox is a experienced farmer in both medical cannabis for 12 years and a conventional farmer for 19 years growing beans, potatoes, and hay. Both her and her partner William see that being a integral part in the next step of cannabis legalization and insuring it is done in a sustainable, healthy, and ecologically sensitive manner is a wise economic decision for anyone already involved or that plans to be involved in agriculture. Her vision is to assist the disabled through therapeutic gardening accompanied by a year around local supply of naturally grown crops and herbs. This will be achieved by small intensive ecologically based garden and very low input passive solar greenhouse for year around vegetable and herb operations, as well as season extenders. We see all facets of the medical and I-502 cannabis markets to be essential tools in the success of small-scale intensive natural/organic farms, which will achieve future goals of food sovereignty, environmental health, and human health.

William Johnson obtained his degree from Appalachian State University in the field of Agroecology and Sustainable Development. He is experienced and/or educated in compost technologies, organic soil building, Ecologically Based Pest Management, passive solar design and greenhouse maintenance. He would like to see a shift in economy within Cowlitz County from a market that has a good potential to be unsustainable and damaging to the environment. Small scale agriculture and rural specialized manufacturing of consumer products or services which render a more

sustainable long term income and are more adaptable to changing environmental regulations and could greatly improve the quality of life of many rural civilians.

Disposal

A. All contaminated product will be either (1) frozen or (2) soaked in a natural liquid with a ph below 4 (Vinegar) to insure proper disinfection. Once the product has been aged in the disinfectant solution for a minimum of 24 hours it must be dried and used in an organic amendment or compost operation. Compost operations must fall under the rules adapted by the FDA, Cowlitz County, and the WLB.

B. All excess organic material from both producing and processing must be composted. Community composting is suffice with a up-to-date list of enlisted members and scheduled maintenance. Compost operations must fall under the rules adapted by the FDA,

C. Proper disposals of all chemicals used for processing marijuana trim and flower for concentrated, purified extracts that are concealed in a pressurized storage system that is not intended for reuse, should be properly recycled. This is defined by completely emptying out the canister, puncturing a whole through the wall of the cylinder and recycling as its proper metal.

Electrical Requirements

A. All electrical components that are hardwired must be certified by existing electrical and building codes.

B. If the building plans to use artificial lighting for plant growth, it must be setup for a 220 v circuit breaker to insure electrical safety.

C. All permanent electric fixtures in rooms designated for growing and processing must have all electrical outlets be weather resistant with covers for cleaning and emergencies.

Security

A. Motion detected lighting around all buildings in use for Cannabis production, processing, and storage.

B. Night vision security cameras on the exterior of all entrances to the building.

C. Guard or Guardians dogs are recommended for exterior security and protection.

D. All security recordings must be kept in compliance with the WLB rules and requirements.

Fire Safety

A. Must pass existing commercial fire safety code per the fire code of Cowlitz County and the State, as well as the IBC.

B. All processing rooms using any form of highly volatile, explosive chemical least 300 cfm. The hood doesn't have to be enclosed but is recommended.

C. Applicable fire suppression systems are required for all indoor operations and are in compliance with the IBC codes.

Traceability

- A. Adequate traceability software, which tracks the product from the time, it is either a seed or clone and is inserted in a growing medium till it is sold and or processed.
- B. Traceability of all chemical products used for extraction cleaning ,etc should be tracked from the time they enter the permitted building, how they are used/implemented and how they were disposed of.
- C. All product and by product disposed of must be accounted for by weight and method of disposal.

Insurance

- A. At the time insurance is should be not required unless there are external investors who hold a share in the enterprise.

Odor Control

- A. Filtration units designed solely for the purpose of smell reduction are only required if the city or towns permit states so. Must be in accordance with the properties zoning.

Moisture Control/Mold Prevention

- A. Fans used to filter the air quality “Scrubbers” should be appropriately sized for the given area in the closed envelope so that the entire envelope is filtered once every 60 minutes. Our building will be a preexisting metal storage building

measuring 30 feet wide and 60 feet long by 10 feet tall . It has a 180,000 cubic feet and would need a fan capable of 300 Cubic Feet per Minute to achieve this.

(This does not include inline fans used specifically for light hoods, seperate)

B. HEPA Filters must be used and cleaned on a regular basis with a disinfectant solution.

C. Water Resistant Drywall must be used in conjunction with some form of rigid non-absorbing material as a wall covering.

D. All intakes must have some form of HEPA filter

Health and Safety Measures.

A. Employee's and non employees must wear protective suit and some form of hair covering to insure minimal chance of contamination.

B. Hands must be washed before entering a grow room or processing area.

C. All employees must fall under OSHA regulations .

Proximity to Public Parks, Institutions, and Facilities

A. Cannabis production or processing facilities must be within the limitations of the WLB and be three or more miles from such pubic facilities.

B. All facilities should have grandfathered rights if they obtain a permit and one of these facilities moves with in the three mile proximity.

Fertilizer, Herbicides, Insecticide, and Fungicide Specifications

A. All chemicals with MSDS's must be kept in a locked fire safe cabinet .

B. All inorganic, organic, or natural materials must be tracked for each crop and should be stated when in transfer from producer to processor.

- C.** Every product which has had any form of inorganic substance applied to it for a nutritional, pesticide, fungicide, or herbicide application must be labeled as so, through all three licenses.
- D.** All organic , naturally grown, etc certifications will be determined in the future once it is clear if the USDA and FDA will regulate the production ,processing, and distribution of recreational cannabis.

Cowlitz County **Draft** rules suggested
by

Tina Cox & William Johnson

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- A. Filtration units designed solely for the purpose of smell reduction are only required if the city or towns permit states so. Must be in accordance with the properties zoning.

Moisture Control/Mold Prevention

- A. Fans used to filter the air quality "Scrubbers" should be appropriately sized for the given area in the closed envelope so that the entire envelope is filtered once every 60 minutes. Our building will be a preexisting metal storage building

measuring 30 feet wide and 60 feet long by 10 feet tall . It has a 180,000 cubic feet and would need a fan capable of 300 Cubic Feet per Minute to achieve this.

(This does not include inline fans used specifically for light hoods, seperate)

B. HEPA Filters must be used and cleaned on a regular basis with a disinfectant solution.

C. Water Resistant Drywall must be used in conjunction with some form of rigid non-absorbing material as a wall covering.

D. All intakes must have some form of HEPA filter

Health and Safety Measures.

- A.** Employee's and non employees must wear protective suit and some form of hair covering to insure minimal chance of contamination.
- B.** Hands must be washed before entering a grow room or processing area.
- C.** All employees must fall under OSHA regulations .

Proximity to Public Parks, Institutions, and Facilities

- A.** Cannabis production or processing facilities must be within the limitations of the WLB and be three or more miles from such public facilities.
- B.** All facilities should have grandfathered rights if they obtain a permit and one of these facilities moves within the three mile proximity.

Fertilizer, Herbicides, Insecticide, and Fungicide Specifications

- A.** All chemicals with MSDS's must be kept in a locked fire safe cabinet .
- B.** All inorganic, organic, or natural materials must be tracked for each crop and should be stated when in transfer from producer to processor.

- C.** Every product which has had any form of inorganic substance applied to it for a nutritional, pesticide, fungicide, or herbicide application must be labeled as so, through all three licenses.
- D.** All organic , naturally grown, etc certifications will be determined in the future once it is clear if the USDA and FDA will regulate the production ,processing, and distribution of recreational cannabis.

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 12:50 PM
To: 'Aki Prevention'
Subject: RE: Please include strong protections for youth in Marijuana Rules

Mike,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Aki Prevention [<mailto:akiprevention@gmail.com>]
Sent: Monday, June 10, 2013 4:27 PM
To: rules
Subject: Please include strong protections for youth in Marijuana Rules

Dear Washington State Liquor Control Board,

The members of the SE Seattle P.E.A.C.E. Coalition (Southeast Seattle) and the Community Advisory Coalition (West Seattle) urge you to keep public health and safety, as your top priorities when making final rules regarding marijuana legalization. While you may hear a lot from the those willing to profit from marijuana your job must be to create rules that protect our kids and neighborhoods.

We ask that you use the strongest restrictions possible to limit youth access to marijuana and let youth know that marijuana is not a safe or healthy choice for growing brains. Our recommendations include:

- 1. Ban Marijuana Advertising (or have the most restrictions legally possible)** including in magazines, newspapers, mailers, billboards, banners at entertainment and sports venues, television, and the internet to avoid pro-drug messages targeting youth.
- 2. Limit the number of marijuana stores in one area and the hours in which they can sell.** Using the geographic locations similar to Pre -1183 state liquor stores would seem to be adequate to meet demands. This system successfully met the demand for hard liquor for many years. Limit store hours to approximately 10am to 10pm. Southeast Seattle currently has 10 marijuana dispensaries! Twice as many as Starbucks and 5 times as many as McDonalds stores. Fewer retail outlets will ensure adequate enforcement and limit youth access and limit diversion to the black market.
- 3. Require Product Labeling** both for health risks similar to tobacco and for impaired driving similar to alcohol to increase public awareness of health and safety risks.

4. **Require prevention posters/messages be visibly displayed** next to the check out counter in retail stores. Require that point of sale prevention messages be posted as well as distributed to all customers.
5. **Have strict penalties for anyone who sells to youth** including civil and criminal violations. After 3 violations of selling to minors a retail operators permit should be revoked.
6. **Don't allow any edible products that may appeal to youth such as marijuana candy.** This is a serious issue that needs to be addressed with the highest level of restrictions possible. Edible products pose a particular public health risk because of their appeal to youth, ease of ingestion (youth are more likely to eat rather than smoke a product), ease of overdose, accidental poisoning by young children, and the fact that youth can easily use these products without being detected.

Sincerely,

Mike Graham -Squire

SE Seattle P.E.A.C.E. Coalition

Community Advisory Coalition

McCall, Karen J

From: Aki Prevention [akiprevention@gmail.com]
Sent: Monday, June 10, 2013 4:27 PM
To: rules
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3. **Require Product Labeling** both for health risks similar to tobacco and for impaired driving similar to alcohol to increase public awareness of health and safety risks.
4. **Require prevention posters/messages be visibly displayed** next to the check out counter in retails stores. Require that point of sale prevention messages be posted as well as distributed to all customers.
5. **Have strict penalties for anyone who sells to youth** including civil and criminal violations. After 3 violations of selling to minors a retail operators permit should be revoked.
6. **Don't allow any edible products that may appeal to youth such as marijuana candy.** This is a serious issue that needs to be addressed with the highest level of restrictions possible. Edible products pose a particular public health risk because of their appeal to youth, ease of ingestion (youth are more likely to eat rather than smoke a product), ease of overdose, accidental poisoning by young children, and the fact that youth can easily use these products without being detected.

Sincerely,

Mike Graham -Squire

SE Seattle P.E.A.C.E. Coalition

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 12:44 PM
To: 'Kurt Boehl'
Subject: RE: Draft Rules - Comments

Kurt,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Kurt Boehl [<mailto:Kurt@keblaw.com>]
Sent: Monday, June 10, 2013 3:59 PM
To: rules
Cc: Mungia, Ingrid G
Subject: Draft Rules - Comments

Liquor Control Board,

I have attached a summary of the draft rules and inserted comment where necessary. Please contact me if you have any questions or concerns. I appreciate the extensive effort that was put into drafting these rules. The effort was very impressive given the steep learning curve and compressed timeline.

Many Thanks
-Kurt

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8420 Dayton Ave. N. Suite 102
Seattle, WA, 98103
Tel. 206.728.0200; Fax 206.624.6224
<http://www.seattle-criminaldefense.com>

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LAW OFFICE OF

KURT E. BOEHL PLLC

8420 Dayton Ave. N. Suite 102 Seattle, WA 98103

Date: June 10, 2013

From: Kurt Boehl

Re: Summary/Comments regarding LCB's Initial Draft Rules for I-502

Below I prepared a summary of the initial draft rules and inserted comments where appropriate.

Overview of Costs/Fees

- Overview of Costs:
 - Fees:
 - Application fee
 - Retailer - \$250
 - Producer - \$250
 - Processor - \$250
 - Producer/Processor - \$500
 - Annual renewal fee
 - Retailer - \$1,000
 - Producer - \$1,000
 - Processor - \$1,000
 - Producer/Processor - \$2,000
 - Background check fee
 - State/Local Taxes:
 - 25% Marijuana excise tax imposed on every sale (wholesale and retail)
 - Other state/local taxes including, sales tax, B&O tax, real/personal property tax
 - Other Costs (list is not exhaustive):
 - LCB issued traceability software (from seed to sale)
 - Quality assurance testing
 - Video surveillance security system
 - Commercial general liability insurance
 - Software/system to track purchases, sales, inventory, etc. as required by WAC 314-55-089
 - Secure means to transport product (locked storage secured to inside of vehicle)
 - Waste disposal
 - Quarantine area
 - LCB approved small scale and small scale license.

Application Requirements

- 30 Day Window to Submit License Application
 - All license types (producer, processor, retailer) have 30 calendar days to apply for a license, beginning after the rules are finalized.

- Board may reopen license application window at a later date, “when market deems necessary”
- Operating Plan
 - All applicants must submit an operating plan that demonstrates the applicant is qualified to hold a license.
 - Form will be provided by LCB
 - Operating plan shall generally include information regarding the following: security; traceability; employee qualifications; transportation of product; destruction of waste; description of growing operation (producer); testing procedures/protocols (producer/processor); description of products to be processed (processor); description of equipment, chemicals, compounds (processor); description of packaging and labeling (processor); what products sold and how displayed (retailer). *KB Comment: The form for an operating plan should be made available as soon as possible, and in draft form if necessary.*
- State Residency
 - Required 3 month state residency for:
 - Applicants (partners, members, stockholders, corporate officers, any person/entity who has right to receive percentage of the gross or net sales from licensed business)
 - Applicants’ Spouses
 - Members (not defined) *KB Comment: not sure what LCB means by “member”?*
 - Managers or agents who manage a licensee’s place of business *KB Comment: Manager and agent is not defined, this could be problematic. Residency requirement should be more clearly articulated.*
 - Financiers? *KB Comment: Representative of LCB has stated that the residency requirement would also apply to Financiers . . . but that is not clearly spelled out in the draft rules. The rules should clearly articulate who is a financier and whether or not they are subject to residency requirement.*
 - All entities must be formed in Washington.
- Background Checks
 - Criminal History
 - (1) Personal criminal history disclosure; (2) Washington State Patrol background check; (3) FBI background check. Includes submitting fingerprints
 - Who:
 - Applicants (partners, members, stockholders, corporate officers, any person has right to receive percentage of the gross or net sales from licensed business)
 - Applicants’ Spouses
 - Financiers
 - “Person or entity who exercises any control over the applicant’s business operations” *KB Comment: this provision is ambiguous, and “any control” is potentially too far reaching.*
 - Disqualifying point system, similar to that applied to liquor. Must be less than **8 points**. *KB Comment: I believe this means 8 points total, as accumulated for all applicants; spouses; financiers; and person(s) or entity who exercises control:*
 - 12 points = Felony in last 10 years
 - 8 points = Currently under federal/state supervision for felony

- 5 points = Gross Misdemeanor in last 3 years
- 4 points = Misdemeanor in last 3 years
 - No points for up to 2 misdemeanor convictions for possession of marijuana if within the last 3 years, but must disclose history to LCB
- 4 points = If applicant fails to disclose to LCB any of the above
- LCB may “mitigate” any conviction if it is for the growing, processing, possession, or sale of marijuana. Mitigation, if any, will be based on quantity of product and other circumstances of conviction.
- Once licensed, must report convictions to LCB within 14 days. *KB Comment: The rules should spell out who must report a conviction. I’m assuming it is anyone who is also subject to background checks.*
- Financial Investigation
 - LCB will verify source of funds for startup of business, applicant’s right to real/personal property, and verify the true parties of interest in the business. *KB Comment: It is unclear what an investigation will look like, for example, will it require a complete audit of financial records? Will tax records be required? The rules should provide additional information on what could be an onerous and invasive investigation.*
 - Who is subject to financial investigation:
 - Applicants (partners, members, stockholders, corporate officers, any person has right to receive percentage of the gross or net sales from licensed business)
 - Applicants’ Spouses
 - Financiers
 - “Person or entity who exercises any control over the applicant’s business operations” *KB Comment: this provision is ambiguous, and “any control” is potentially too far reaching.*
- Administrative Violation History
 - LCB will not issue a license to an applicant with rule violation history. *KB Comment: This would presumably only apply to renewal applications.*
- Financier
 - As noted above, a “financier” will likely be subject to residency requirement, as well as criminal background check and financial investigation.
 - Financier is “any person or entity who has made or will make an investment in the licensed business of more than [\$10,000].” This includes:
 - Someone who provides money as a gift
 - Someone who loans money, but does not charge interest
 - Someone who invests in return for a percentage of the profits.
 - This definition would necessarily exclude a landlord; or lender who charges minimal interest.
 - *KB Comment: This definition is ambiguous. It is unclear how an option holder would be treated; such arrangement could be considered a financier under the third qualifier (someone who invests in return for a percentage of the profits)*
- Affidavit by Landlord
 - License applicants must submit an affidavit signed by a potential landlord stating that he/she knows their property will be used for the cultivation, processing or retailing of marijuana. *KB Comment:*

This requirement may result in a significant premium for commercial space. In addition, by explicitly agreeing to the use of his/her property for this purpose, it removes potential defenses that a landlord could bring forward, if they were criminally prosecuted.

- Taxes
 - License applicants must submit a signed attestation, under penalty of denial or loss of a license, that they are current on all taxes obligations, as an individual or as part of an entity in which they are an owner.
- Insurance
 - Commercial general liability insurance issued by an insurance company authorized to do business in Washington and with a rating of A- Class VII or better.
- Security
 - Employees must have ID badges
 - Alarm systems
 - Video surveillance required
 - Must be continuously recorded and kept for a minimum of 45 days.
- Local Government's Right to Object
 - Local government has 20 days to object to the (1) applicant or the (2) location
 - Local government may also object to the renewal of a license.
 - Local government is also provided opportunity to respond to change in ownership, change in location, and change in "class of an existing annual marijuana license" *KB Comment: It's not clear what a change in "class" is.*
 - If LCB issues license over objection of local government, the government may request a hearing.
 - *KB Comment: the rules must mandate that local jurisdictions have to permit this activity. In addition, local government may not use zoning authority to create a de facto moratorium. The rules need to discuss and clarify how to resolve potential conflict between local zoning ordinances and state licensing requirements.*
- 1,000' Buffer Zones (measured by shortest distance from perimeter to perimeter)
 - *KB Comment: The rules do not contain a grandfathering clause, that allows licensed locations to continue in their current location should a "protected" use, like a licensed child care facility, move in next door. Viable businesses cannot operate with the risk that their (significant) investment in a location could be instantly lost should a protected use suddenly take up residence within 1,000 feet of licensed operation.*
 - Child Care – "a licensed educational environment with curriculum usually associated with preschools" *KB Comment: This definition is ambiguous. Not clear if LCB is attempting to narrow definition to preschools, so that home daycares would not apply. If this is the case, it needs to be stated more clearly.*
 - Elementary School – "a school for early education that provides the first four to eight years of basic education and recognized by the Washington State Superintendent of Public Institution."
 - Game Arcade – "an entertainment venue featuring primarily video games, simulators, and/or other amusement devices."
 - Library – "an organized collection of resources made accessible to the public for reference or borrowing." *KB Comment: presumably this would include college/university libraries. This definition needs additional clarity.*

- Playground – “a public outdoor recreation area for children, usually equipped with swings, slides, and other playground equipment, owned and managed by a city or county.” *KB Comment: In my opinion, LCB should use federal definition, 21 U.S.C. § 860(e)(1).*
- Public Park – “an area of land for the enjoyment of the public, having facilities for rest and recreation (such as a baseball diamond or basketball court) owned and managed by a city, county, state, or federal government.” *KB Comment: this definition is ambiguous. Would be helpful to require a basketball court or baseball diamond.*
- Public Transit Center – “sheltered waiting areas located where several bus routes converge. They serve as efficient hubs to allow bus riders from various locations to assemble at a central point to take advantage of express trips or other route to route transfers.” *KB Comment: This definition is ambiguous. Would be more helpful to actually list the particular centers that are protected, e.g., Northgate Transit Center at 10200 1st Ave NE, Seattle WA, or require a certain number of parking spaces (300+ spaces).*
- Recreation Center of Facility – “a supervised center that provides a broad range of activities and events.” *KB Comment: This definition is ambiguous. This could presumably cover churches, etc. Would be more helpful to actually list the particular centers that are protected, or the LCB could use the definition of “youth center” in 21 U.S.C. § 860(e)(2).*
- Secondary School – “a high and/or middle school: a school for students who have completed their primary education, usually attended by children in grades 7 to 12 and recognized by the Washington State Superintendent of Public Instruction.”
- **License Denial**
 - If a license is denied, applicant may request a hearing and reapply for a license in one year.
 - LCB has “broad discretion” to deny a license, for reasons including, but not limited to:
 - LCB “may require a demonstration by the applicant that they are familiar with marijuana laws and rules.” *KB Comment: not sure what this means, perhaps a test?*
 - Source of funds for acquisition, startup, or operation is “questionable, unverifiable, or determined by the board to be gained in a manner which is in violation by the law.” *KB Comment: In my opinion, “questionable” gives the LCB too much discretion to arbitrarily deny a license. I would prefer there is some standard of proof required to determine there was a “violation by the law.”*
 - Applicant “has been denied or had a marijuana license or medical marijuana license suspended or cancelled in another state or local jurisdiction.” *KB Comment: Unclear what LCB is referring to when it states “medical marijuana license.” Many individuals have had a business license denied for medical marijuana activities in compliance with RCW 69.51A, like a collective garden, but it was not a specific “medical marijuana license.” This provision needs clarity.*
 - Applicant has been denied a liquor license or had a liquor license suspended or revoked in this or any other state.
 - “The board determines the issuance of the license will not be in the best interest of the welfare, health or safety of the people of the state.” *KB Comment: Again, I believe this provision gives the LCB too much discretion to arbitrarily deny a license.*
 - Applicant fails to meet the other requirements identified below.

Operating Requirements

- Licensee Must Obtain LCB Approval for:
 - Ownership changes
 - Change of location
 - Change of business name
- Licensee Must Notify LCB of:
 - Discontinue marijuana sales
 - Death or incapacity of marijuana licensee
 - Criminal convictions of applicant, financier, or other persons subject to criminal history background check.
- Quarantine Area
 - All marijuana that will be transported must be staged in a quarantine location for 72 hours, with transport manifest, product information, and weight affixed to the product. Product may not be handled or moved while quarantined. *KB Comment: I have some concerns that this requirement is unrealistic. This builds in significant costs to producers/processors who need to move inventory in a timely manner.*
- Traceability
 - LCB will provide software to track marijuana from seed to sale
 - Licensees must pay all costs related to reporting
 - What must be tracked
 - Key events, such as when plant is moved from clone to vegetation production
 - When plants are harvested
 - When plants are destroyed
 - When products are transported (name of transporter, time, expected delivery, time of receipt)
- Records
 - Must keep all financial records for three years (invoices; bank statements; cancelled checks; accounting and tax records; contracts/agreements; employee records; application of nutrients, pesticides, etc.; inventory; detailed information on extracts or infused-products made; quality assurance test results.)
- Transportation
 - All product must have transportation manifest (keep all records for three years)
 - No third-party may transport (only licensee or employee may transport)
 - Product must be sealed, in package LCB approves
 - Product must be in locked storage secured to inside of vehicle
 - No unnecessary stops
- Violations
 - The rules spell out violations and related penalties. Penalties are broken down into four categories.
 - Three year window for violations
 - Example: \$2,500 criminal penalty for 1st sale to minor, 2nd sale results in 30 day suspension, 3rd sale results in cancellation of license.
 - Some violations result in immediate cancellation, include but not limited to:
 - Purchases from unauthorized source

- Sales to unauthorized source *KB Comment: It is unclear what is an “unauthorized source”? Does this refer to a sale from a licensed producer to non-licensed processor? The term should be defined given how severe the penalty is.*
 - Sales in excess of transaction limits *KB Comment: I believe immediate license cancellation for what could be an inadvertent oversight by an employee is unwarranted. The first incidence should result in fine, unless the excess was significant, then cancellation may be warranted.*
- Permitting or engaging in criminal conduct results in suspension or cancellation of a license if it is a third violation. *KB Comment: This should be clarified, what type of criminal conduct and by whom (would this include an unrelated domestic violence conviction by applicant? Or an unlawful distribution charge by an employee acting outside of his employment?) In addition, all of this activity violates federal criminal laws, but that presumably would not be cause for suspension.*
- No Minors
 - No employees or applicants under the age of 21
 - Minor restricted signs must be posted on premises (sign provided by LCB)
- All facilities
 - No consumption of marijuana on premises (sign provided by LCB)
- No Extracts
 - No sale of marijuana extracts: hash, hash oil, shatter, and wax. These extracts may only be sold as a marijuana-infused product. *KB Comment: This is problematic, and will likely result in the illegal sale of these products, bolstering a black market and creating significant costs to law enforcement, who now have to police a substance that the people intended to decriminalize.*
- Serving Size
 - 10 mg of THC per serving
 - 100 mg of THC per product
 - Single transaction
 - 1 ounce useable marijuana
 - 16 ounces of marijuana-infused product in solid form
 - 72 ounces of marijuana-infused product in liquid form
 - Marijuana excise tax (“MET”)
 - 25% on selling/wholesale price *KB Comment: there was some discussion that the tax would be structured as a “value added tax or VAT” but that does not appear to be the case in these draft rules. Based on the significant overhead these businesses will incur, it is prudent to limit this tax as much as possible, or risk this activity moving to the black market. A VAT would avoid the regressive and onerous implications of the current MET system, but would still ensure significant tax is collected.*
- Advertising
 - Buffer rules noted above also applies to all advertising. *KB Comment: this restriction needs to be clarified. For example, how are ads in periodicals treated? This rule should state that it only applies to fixed signage, like billboards, etc.*
 - May not contain any statement or illustration that is:
 - False or misleading
 - Promotes over consumption

- Represents the use of marijuana has curative or therapeutic effects. *KB Comment: This provision is inappropriate. The state legislature has made such statements in its enactment of our medical cannabis laws. In addition, countless patients and doctors would strongly disagree with this statement, as well as the medical research available on the subject.*
- Depicts a person under legal age consuming marijuana (or uses toys, etc. to market to kids)
- *KB Comment: I recommend the LCB draft one WAC that provides an overview of all advertising restrictions. I noticed that the rules don't cover some restrictions provided for in the RCW, and it would be helpful if one rule listed everything.*

Rules Specific to Producers/Processors

- Indoor Growing
 - Draft rules allow growing in secure indoor grows or greenhouses
- Monthly Taxes/Reports
 - Pay marijuana excise tax on a monthly basis
 - Producer: monthly report of purchases from other producers, current production/inventory on hand, sales, lost/destroyed product
 - Processor: monthly report purchases from producers, production of production of product, sales by product type, lost/destroyed product.
- Waste Disposal
 - In order to dispose of marijuana plant matter, flowers, and trim, it must be grinded or incorporated with non-consumable solid waste—paper, plastic, food, grease, soil, etc. Half of the resulting waste mixture must be non-consumable solid waste.
 - If waste is made up of flowers, trim, and plant material that failed quality assurance testing, must notify LCB at least 168 hours (in traceability system) prior to disposing.
- Scales
 - Must apply for a “small scale” license.
 - Scale used for traceability and inventory of product
 - Scales will be inspected and certified.
- Quality Assurance Testing
 - Testing lab must be independent, third-party (no direct/indirect financial interest in producer or processor)
 - Lab will be accredited by state
 - Technicians must have minimum qualifications (education)
 - Numerous conditions regarding testing methodology, monitoring, good lab practices, internal standard operating procedures, etc.
- Extraction
 - Must use professional grade closed loop extraction system, approved by LCB
 - Spark-free environment, proper ventilation, comply with fire, safety and building codes
 - Solvents or gasses will be approved by LCB. Must be medical or instrumental grade with purity of 95%, USP class three, and exhibit low to minimal potential human health-related toxicity.
 - Must develop business plan, including standard operating procedures and good manufacturing practices.
 - Train employees

- One gram of finished extract cannot exceed 500 parts per million of residual solvent or gas
- Packaging/Labeling
 - Packaging must protect from contamination, and may not impart toxic or deleterious substance
 - Only label as “organic” if certified as such by the state
 - Label on useable marijuana must include:
 - Name of producer/processor and UBI number
 - Lot number(s)
 - Concentration of THC, THCA, CBD, CBDA, CBN, CBG, and potency
 - Net weight
 - “May be habit forming”
 - “this product is unlawful outside of Washington State”
 - Date of harvest
 - Washington icon logo
 - *KB Comment: The rules do not include a font-size requirement –should this be added?*
 - Label on marijuana-infused products must include:
 - Name of producer/processor and UBI number
 - Lot number(s)
 - Batch number
 - Date manufactured
 - Best by date
 - Recommended serving size, number of servings in unit, and potency
 - Net weight
 - List of ingredients and allergens
 - “Caution: when eaten, the intoxicating effects of this drug may be delayed by two or more hours.”
 - Type of extraction process and any solvent or chemical used *KB Comment: In my opinion, this level of disclosure is excessive. Tobacco and alcohol do not require this type of disclosure. In addition, processors would disclosure chemicals that are presumably undetectable as proven by the quality assurance testing. I believe this type of disclosure will simply create unnecessary fear and suspicion in the public, without providing a tangible public benefit.*
 - “May be habit forming”
 - “this product is unlawful outside of Washington State”
 - Washington icon logo
 - *KB Comment: The rules do not include a font-size requirement –should this be added?*
- Disclosures
 - Quality assurance testing results must be included with each lot.
 - Warnings
 - The following warnings must be listed on accompanying material with regard to usable marijuana. *KB Comment: It’s not clear what this accompanying material will look like, presumably it could be a brochure? This needs clarity.*

- Warnings include health warnings, to keep out of reach of children, do not operate a vehicle, and must disclose all pesticides, herbicides, and fungicides or other compounds
 - *KB Comment: Disclosing pesticides, herbicides, etc. seems excessive. Tobacco and alcohol do not require this type of disclosure. In addition, other government controls (Dept. of Health, etc.) sufficiently protect consumers with regard to every other substance and agricultural product on the market. In addition, producers/processors would be disclosing chemicals that are undetectable as proven by the quality assurance testing. I believe this type of disclosure will simply create unnecessary fear and suspicion in the public, without providing a tangible public benefit.*
- Warnings
 - The following warnings must be listed on accompanying material with regard to marijuana-infused products.
 - Warnings include health warnings, to keep out of reach of children, do not operate a vehicle, must disclose all pesticides, herbicides, and fungicides or other compounds; and must disclose type of extraction method used and any solvents or other compounds.
 - *KB Comment: Disclosing pesticides, herbicides, etc. seems excessive. Tobacco and alcohol do not require this type of disclosure. In addition, other government controls (Dept. of Health, etc.) sufficiently protect consumers with regard to every other substance and agricultural product on the market. See additional comments noted above.*

Rules Specific to Retailers

- The number of retail outlets is restricted
 - LCB will determine number or locations permitted in each county.
 - Applicants will submit a request to apply for a license; if more requests are submitted than that allowed; LCB will hold lottery. Lottery winners may then apply for a license.
 - BOTEK to determine county consumption levels; consumption will drive retail outlets.
- Monthly Taxes/Reports
 - Retailer: monthly report of purchases from processors, sales by product type, lost/destroyed product
 - Pay marijuana excise tax on a monthly basis
- Hours of Operation
 - 6 am – 2 am
- Layout of Store
 - Retail shop may not be located within another business
 - All products must be stored behind the counter; no open containers allowed.
 - *KB Comment: Customers will often want to view the product up close; requiring a counter separation seems arbitrary and unnecessary. What is the purpose of this rule? If it is to prevent shoplifting? If so, it should be remembered that 13 year old kids can grab a bottle of hard liquor off the shelves of their local Safeway. In addition, there are already significant protections in place given with the level of security required. If this requirement continues,*

LCB should provide additional information so that retailers aren't subject to arbitrary enforcement on this issue. For example, how high the counter must be and the distance of separation between customers and product.

- Disclosures
 - Upon request, retailer must disclose third-party testing lab and results of product sold
- Advertising
 - One sign, identifying the retail outlet by licensee's business/trade name, limited to 1600 sq. feet

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 9:11 AM
To: 'Chris Kai'
Subject: RE: I 502 rule adjustments

Chris,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

I answered your questions below.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Chris Kai [mailto:christopherjkai11c@gmail.com]
Sent: Monday, June 10, 2013 1:46 PM
To: rules
Subject: I 502 rule adjustments

June 10, 2013

Dear Honorable Members of the State Liquor Control Board,

As medical marijuana industry operators, potential stakeholders in 502, and concerned citizens we urge you to consider the following adjustments to the proposed I-502 draft rules, specifically to WAC 314-55, the draft rule definitions. These adjustments take into consideration the intent of I-502 and the goals of the Liquor Control Board to minimize youth access and public safety issues, while allowing the access necessary to curtail black market proliferation.

Adjustment 1 - Libraries

“Library” is currently defined under the draft rules as “an organized collection of resources made accessible to the public for reference or borrowing.”

The current definition leaves open the possibility that “libraries” would include specialized libraries such as law, medical, and corporate libraries. These entities are established for the use of a limited number of adult people in a given community, with collections and services targeted specifically to the needs of their clientele. From our reading of the initiative, these types of libraries are far from the youth-specific libraries contemplated by I-502. And, as a result, they should be excluded from the definition of “libraries” under the initiative.

A possible solution would be to specifically exclude law, medical, and corporate libraries, and further exclude libraries where membership fees are required for services or resources rendered.

Adjustment 2 – Game Arcade

“Game arcade” is currently defined as “an entertainment venue featuring primarily video games, simulators, and/or other amusement devices.”

Commonsense would conclude that game arcades consistent with the I-502 intent of preventing youth access to recreational cannabis are establishments designed for business with a target demographic of minors. A variety of establishments consistent with the foregoing definition serve alcohol and are primarily for adult use, and

either restrict or do not allow minors. The difference between these game arcade establishments is the service of alcohol.

Some establishments are full bars that do not allow entrance to minors whatsoever. Others have food service in addition to their liquor license, and allow entrance to minors over a certain age (16 and over) for limited hours, or with adult supervision. Minors, on their own, could not make their way into these establishments without an adult. Examples of these include:

John John's Game Room

1351 E Olive Way, Seattle, WA 98122

(206) 696-1613

<http://johnjohnsgameroom.com/>

Dorky's Arcade

754 Pacific Ave, Tacoma, WA 98402

(253) 627-4156

<https://www.facebook.com/dorkys253>

These locations are examples of game arcades that fit I-502 intent. They do not serve alcohol, and are businesses intended for minors, where youth would congregate:

Seattle Waterfront Arcade

1301 Alaskan Way, Seattle, WA 98101

(206) 903-1081

<http://seattlewaterfrontarcade.com/>

Another Castle Video Games

23303 Washington 99, Edmonds, WA 98026

A distinction in the definition is necessary to prevent the unintended inclusion of adult venues from falling into this definition. We would propose a change to the current definition of “game arcade” that excludes entertainment venues with liquor licenses, or for entertainment venues that allow “minors without adult supervision.”

Adjustment 3 – Public Park

“Public Park” is currently defined as “an area of land for the enjoyment of the public, having facilities for rest and recreation (such as a baseball diamond or basketball court), owned and managed by a city, county, state, or federal government.”

This definition leaves it unclear what constitutes facilities for “rest and recreation”, creating a problem where the determination of these would be subjectively determined by the LCB instead of clearly defined for all stakeholders. Additionally, definitions of “public parks” vary widely among local governments, and cities often list their parks but leave out areas labeled “park” by name.

Features providing for rest and recreation should be thoroughly defined, with at least a minimum number of both features for rest and for recreation. When determining this, the LCB should consider what park features are consistent with the I-502 intent of separation from minors. Examples of these features are: baseball diamond, cricket court, basketball court, football or rugby or lacrosse or soccer field, disc golf course, skateboard park, tennis courts, running track, children’s wading pool or playground equipment, beaches, swimming pool, greenspace, acre or more of wooded land, concert amphitheater, zoos, or community center. Examples of features that do not attract youth: golf courses, boat launch, boat moorage, benches, fountains, art installations, and courtyards.

Amendment 4 – Public Transit Center

“Public transit center” is currently defined as “sheltered waiting areas located where several bus routes converge. They serve as efficient hubs to allow bus riders from various locations to assemble at a central point to take advantage of express trips or other route-to-route transfers.”

“Public transit center” is a term people commonly interpret as meaning a “center” or “hub” of public transportation. As currently defined in the draft rules, “public transit center” could be interpreted to include nearly anything ranging from bus stops with minimal overhangs to the Sound Transit Centers located in multiple cities, all of which provide route to route transfers and some form of shelter to cover from the rain common in Washington state. Allowing bus stops to be included in this definition is outside the intention of “public transit center”, and could easily close off entire street corridors, whole downtown areas, or even entire cities to all I-502 operations.

Changing the word “sheltered waiting areas” to “enclosed building” and removing “route-to-route transfers” from the definition would narrow the definition down. Enclosed buildings are more typical of actual transit centers where minors could congregate to wait inside, or where a public safety concern would exist.

We hope that bringing attention to these definitions will help the LCB in creating a thoughtful and rational regulatory framework for the successful implementation of I-502. Reducing locations to very few industrial and confined locations greatly increases black market proliferation as well as helps those who would exploit the system by frequenting the few far reached I-502 retail locations and reselling I-502 product.

We have over 6,000 patient members and they are likely to switch to 502 if they are able to get their product from locations where they have access.

Sincerely

Christopher K

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 9:13 AM
To: 'Allison Williams'
Subject: RE: Comments on Draft WAC 314-55

Allison,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

I answered your questions below.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Allison Williams [<mailto:AWilliams@WenatcheeWA.Gov>]
Sent: Monday, June 10, 2013 1:48 PM
To: rules
Subject: Comments on Draft WAC 314-55

We concur with the comments below:

From: Subir Mukerjee
Sent: Thursday, May 30, 2013 3:23 PM
To: rules@liq.wa.gov
Subject: Comments on Draft WAC 314-55

Thank you for the opportunity to comment on the draft rules regarding marijuana licensing. Our comments are as follows:

1. WAC 314-55-010 (3), Child Care Center definition needs to be tied to the child daycare definition under RCW 43.215 for consistency and clarity.
2. WAC 314-55-010 (4) & (15), School definitions: We are assuming the term “. . . recognized by the WA State Superintendent of Public Instruction” means public and private schools. If so, it would be helpful to clarify in the definitions.

3. WAC 314-55-020(1): The local authority has 20 days to recommend approval or object. Since the local government has limited or no authority in the licensing process, recommend removal of "recommendation to approve" from this section.
4. WAC 314-55-020: Add a subsection (9) requiring the applicant submitting a map stamped by a licensed surveyor certifying the 1,000 foot perimeter and identifying any facilities defined in I-502 and WAC 314-55-060 which are in or near to the location.
5. WAC 314-55-020: Add a requirement that there be no residences on the premises. This will prevent these businesses being operated as home occupations.
6. WAC 314-55-050: Add requirement to notify local government when a license is denied, suspended or cancelled.
7. WAC 314-55-050: Add a reason for suspension or cancellation due to violations of local nuisance ordinances regarding noise, odor, trash, etc.

Allison Williams

Executive Services Director



**City of
Wenatchee**

P.O. Box 519
Wenatchee WA 98807-0519
(509)888-3616
Fax (509)888-3636



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www.facebook.com/CityofWenatchee

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 9:14 AM
To: 'Smith, Karen A.'
Subject: RE: marijuana

Karen,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

I answered your questions below.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Smith, Karen A. [<mailto:SmithKA@puyallup.k12.wa.us>]
Sent: Monday, June 10, 2013 1:49 PM
To: rules
Subject: marijuana

I would like to add my two cents as you consider the new laws surrounding marijuana. My 15 year old freshman has decided to start smoking pot this year and his justification is "It's legal, it must not be that bad for you". An amazing, smart, athletic young man is currently in intensive outpatient rehab now because he thinks with the brain of a 15 year old and finds validation in his state's legalization of the drug. What he doesn't know is the impact of THC on a developing 15 year old brain.

I hope to see more education for our children surrounding this newly legalized drug. Let's tell teens about the downside of marijuana and the pitfalls of those that are genetically inclined to be addicted to it. Provide label warnings.

Also, it is far too accessible. My son told me he can get his hands on medical marijuana anywhere, any place, any time. It seems almost anybody can get a "green card". I have young students attending my high school where I work that use it regularly for things like acid reflux...seriously? My son has told me that dispensaries are also giving out free "samples".

Let's put a stop to that right away.

Thank you for considering,

Karen Smith

Karen Smith, RN, BSN
PHS School Nurse (M, W, F)
Phone (253) 841-8711 x 6616
Fax (253) 435- 6509
smithka@puyallup.k12.wa.us

This information should be treated in a confidential manner to protect the privacy of the student or staff member. Please do not forward, share or disclose this email without consent. If you have received this email in error, please permanently delete this email along with any attachments.

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 9:16 AM
To: 'Todd Allen Bois'
Subject: RE: Proposed I-502 draft rules

Todd,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

I answered your questions below.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Todd Allen Bois [mailto:toddbois@gmail.com]
Sent: Monday, June 10, 2013 1:58 PM
To: rules
Subject: Proposed I-502 draft rules

Dear Honorable Members of the State Liquor Control Board,

As a concerned citizen of the city of Seattle, I urge you to consider the following adjustments to the proposed I-502 draft rules, specifically to WAC 314-55, the draft rule definitions. These adjustments take into consideration the intent of I-502 and the goals of the Liquor Control Board to minimize youth access and public safety issues, while allowing the access necessary to curtail black market proliferation.

Adjustment 1 - Libraries

“Library” is currently defined under the draft rules as “an organized collection of resources made accessible to the public for reference or borrowing.”

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Some establishments are full bars that do not allow entrance to minors whatsoever. Others have food service in addition to their liquor license, and allow entrance to minors over a certain age (16 and over) for limited hours, or with adult supervision. Minors, on their own, could not make their way into these establishments without an adult. Examples of these include:

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<http://johnjohnsgameroom.com/>

Dorky's Arcade

754 Pacific Ave, Tacoma, WA 98402

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<http://seattlewaterfrontarcade.com/>

Another Castle Video Games

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(425) 967-3740

<http://anothercastlegames.com/>

A distinction in the definition is necessary to prevent the unintended inclusion of adult venues from falling into this definition. We would propose a change to the current definition of “game arcade” that excludes entertainment venues with liquor licenses, or for entertainment venues that allow “minors without adult supervision.”

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Amendment 4 – Public Transit Center

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cover from the rain common in Washington state. Allowing bus stops to be included in this definition is outside the intention of "public transit center", and could easily close off entire street corridors, whole downtown areas, or even entire cities to all I-502 operations.

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I hope that bringing attention to these definitions will help the LCB in creating a thoughtful and rational regulatory framework for the successful implementation of I-502. Reducing locations to very few industrial and confined locations greatly increases black market proliferation as well as helps those who would exploit the system by frequenting the few far reached I-502 retail locations and reselling I-502 product.

Sincerely,

Todd Bois

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 9:18 AM
To: 'lee duncan'
Subject: RE: comments on draft rules

Lee,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

I answered your questions below.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: lee duncan [<mailto:lpdwater@yahoo.com>]
Sent: Monday, June 10, 2013 2:14 PM
To: rules
Subject: comments on draft rules

Below are my comments on the draft rules for producer, processor and retailer.

The fact that no one will be making the required investments needed to get up and running until a license is acquired needs to be realized in the application process. Because no one has been able to “legally” grow, process or sell cannabis until now no one will have anything close to what the state is requiring except for the small 45 plants and less medical marijuana collective gardens. Even the collective gardens will need to upgrade once a license is acquired. This fact needs to be taken into account in the application process.

The application should have a portion for what is currently in operation and how it will comply with the rules and then another portion which will describe what a new, expanded operation would look like and how it will comply. This will allow the small collective gardens to get a license for what they have and be able to continue to do what they are already doing and then to expand in a way as to not put undo financial pressure on them. In many instances a fairly large investment has already been made into the space and equipment. To comply with all the rules in order to get the license is putting the cart before the horse. Maybe this is obvious but it is just not clear in the draft rules.

Also, some sort of credit should be given to collective gardens and individual medical marijuana growers that have invested time, funding and expertise into their existing facilities. These facilities should be allowed to comply with all the rules in a timely manner in order to get the license and then be allowed to expand as needed. In the initial application there needs to be a way to describe what currently exists and what will exist in the future once the license is acquired.

Greenhouses are an excellent way to grow utilizing the renewable energy of the sun. In the draft rules it states there has to be "rigid" walls for all greenhouses. Please define "rigid"? Most greenhouses I have seen are made of some sort of frame with a plastic sheeting as cover. Requiring "rigid" walls would not be practical. A greenhouse can be secured in other ways than just having rigid walls. Glass is rigid but not very secure. Allow greenhouses to be secured in other ways such as having fencing around it. Promoting renewable energy in an industry which relies heavily on electricity is only practical.

Overall the security requirements seem a little excessive, particularly for the producers. This is cannabis not meth. People want to start new businesses and make a living without having the feeling of big brother watching. You don't want to discourage people from getting licenses and encourage a black market.

It is not clear but it seems like a producer is obligated to sell to a processor who can then sell to a retailer. If all that is being sold is marijuana bud why would a producer sell to a processor? What role would the processor have? Also, please explain how much tax is collected if one has a combined producer/processor license? Would the licensee tax themselves from producer to processor? If the idea is to ultimately get a 50% tax from producer to retailer then just clearly state that a producer selling just marijuana bud to a retailer would be required to collect 50% in tax of the sell price.

Thank you for the opportunity to comment. Sorry to wait to the last day but guessing I am not the only one. Good luck.

Lee P. Duncan

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 9:50 AM
To: 'Kevin Oliver'
Subject: RE: 502 draft rules

Kevin,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

-----Original Message-----

From: Kevin Oliver [<mailto:kevin@wanorml.org>]
Sent: Monday, June 10, 2013 3:11 PM
To: rules
Cc: Foster, Sharon; Kurose, Ruthann; Marr, Chris J; Garza, Rick J
Subject: 502 draft rules

June 10, 2013

Dear esteemed members of the Washington Liquor Control Board,

On behalf of our constituents in both Eastern and Western Washington, and in the best interests of the reform of marijuana laws across the nation as we move forward, we encourage you to consider the disparate treatment of marijuana currently offered by our appointed First Assistant to the Attorney General, US Federal Attorneys, Mike Ormsby of the Eastern District and Jenny Durkin of the Western District.

To wit, the judicious enforcement of Federal Law in the Eastern District by Mike Ormsby in regards to marijuana, contrasted with the tolerated proliferation of the current marijuana industry in the Western District by Jenny Durkin.

In short, federal enforcement of marijuana laws in Washington has left Eastern Washington "dry" when compared with Western Washington, specifically pertaining to "medical marijuana."

Our concern is that if small growers with a plant count of 99 plants or less, which is below federal enforcement guidelines, are not given priority to enter the market under 502, then we will continue to see large scale operations proliferate in Western Washington under Jenny Durkin, just as large scale operations in Eastern Washington (above 99 plants) will be judiciously prosecuted under Mike Ormsby.

Our constituents, about 20,000 in the state of Washington, are overwhelmingly in support of rules that are not prohibitive, both in terms of start up costs and sustainable profitability, to smaller production facilities of 99 plants or less.

Thank you for your role in implementing a process for the production and distribution of cannabis that is in the best interests of the communities of Washington, as well as citizens in the rest of the nation.

Respectfully and with regards of the highest kind,

Kevin Oliver

Executive Director

Washington NORML

The state affiliate of the National Organization for the Reform of Marijuana Laws (A WA non-profit)

206.641.0935

Kevin@wanorml.org

Sent from my iPhone

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 10:20 AM
To: 'SCOTT WHIPPS'
Subject: RE: Initial Rules Input

Scott,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: SCOTT WHIPPS [<mailto:swhipps1@msn.com>]
Sent: Tuesday, June 11, 2013 9:12 AM
To: rules
Subject: Initial Rules Input

Dear WSLCB-

One issue I had with processing rules is with the 72 hour quarantine period, where products need to sit in a designated place for 72 hours before they can be delivered to processors or retailers. This quarantine serves to create a higher theft risk for the producer and processor, forcing them to keep large amounts of products on premises as well as slowing down customer service and affecting product freshness. Once products are made and documented with transportation logs, why shouldn't they be shipped immediately?

Thank you

Scott Whipps

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 10:44 AM
To: 'Elinor A Graham'
Subject: RE: Regulation of Medical Marijuana

Elinor,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Elinor A Graham [<mailto:elinoragraham@gmail.com>]
Sent: Friday, June 07, 2013 12:03 PM
To: rules
Subject: Regulation of Medical Marijuana

Dear Rules Coordinator, I attended a meeting of the SE Seattle P.E.A.C.E Coalition at Aki Karose Middle School last week about Keeping our Kids safe in the face of legalization of marijuana. I support legalization but am very concerned about the increased availability of the drug, and anecdotally, increased use of MJ by young teenagers. Studies have shown that use at this age can have permanent impacts on their brain functioning and leave them with lower IQs and inability to concentrate and focus as adults. The main source of the increased availability of MJ in my neighborhood seems to be medical marijuana outlets concentrated along Rainier Ave. As far as I can determine there is minimal control of these medical marijuana outlets. It is obvious that these outlets are providing marijuana to people who do not have medical needs. Cars drive up with several young people in them, keep the motor running, and send one person in (usually a young woman) who is only in there briefly and then the group roars off in their vehicle. From what I hear, underage children then have easy access to this source of marijuana. I think that it is imperative that these medical marijuana outlets be closed when the sale of MJ is legalized through the Liquor Control Board. They could easily undercut the prices at the authorized outlets and continue lax distribution. I have been told that the plans for future continuation or legalization of these medical marijuana outlets is with the legislature and urge you to pressure our legislators to have them closed. Yours, Elinor A. Graham MD, MPH, Pediatrics.

--

Elinor (Ellie) Graham
elinoragraham@gmail.com

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 10:58 AM
To: 'jandrhawley@gmail.com'
Subject: FW: Heavy Metals

Robi,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Steenhout, Michael L
Sent: Saturday, June 08, 2013 10:44 AM
To: rules
Subject: Fw: Heavy Metals

-----Original message-----

From: Jon and Robi Hawley <jandrhawley@gmail.com>
To: "Steenhout, Michael L" <mike.steenhout@liq.wa.gov>
Sent: Sat, Jun 8, 2013 10:05:03 GMT+00:00
Subject: Heavy Metals

Dear Mike,

My team and I strongly disagree with the idea of not testing for heavy metals. FDA guidelines are put in place to protect the public. If the 502 program ignores FDA protocols it sets the stage for complaints not only by the public but also by the FDA. Heavy metal inhalation and consumption are known to cause not only cancer but also other severe life-threatening illnesses. To forego testing on the assumption that greenhouse plants are safer than outdoor plants is simply not true (please refer to the following article in pubmed as merely one example of the studies that have been done concerning greenhouse plants).<http://www.ncbi.nlm.nih.gov/pubmed/7973402>

The CDC through The Agency for Toxic Substances and Disease Registry lists various toxic substances alphabetically with brief descriptions of their medical effects, carcinogenic tendencies and summaries of where they are most commonly found. Garden dirt, pesticides and fertilizers are one of the main sources for heavy metal contamination. <http://www.atsdr.cdc.gov/> Testing for heavy metals is crucial in ensuring that growers are not using banned products or contaminated soil.

Life Extension has published a great article outlining the basic health hazards of heavy metals and why testing for them is crucial. http://www.lef.org/protocols/health_concerns/heavy_metal_detoxification_01.htm As physicians, heavy metal poisoning is high on our priority list while performing a differential diagnosis due to its severe consequences as well as its

commonality. All physicians are trained to detect heavy metal poisoning as early as possible in order to treat and attempt to reduce or reverse the damage done.

I truly am aware of some of the conflicts you are trying to juggle in getting this program off the ground in the short time you were given. Before I relay our opinions to you, my team spends days doing due diligence in researching the relevant topic. Our toxicologist is adamant that heavy metal testing should be done due to its deleterious health effects. I have selected only a representative sample of the many research findings he has deluged me with since this subject was broached. As the company CFO (I was an accountant for 20 years before going to medical school) I was happy to see that our expenses could be substantially decreased by eliminating heavy metal testing. As a future physician, however, I know that our toxicologist is right - the consequences of not testing for these metals are not worth the money saved.

Sincerely,

Robi Hawley CFO
CBD Health Innovations inc.

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 10:59 AM
To: 'Andrew Marshman'
Subject: RE: Draft Rules Input: Transportation

Andrew,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

The initiative prohibits transportation of product by anyone other than a marijuana licensee or their employee. A legislative change is required to create another license for transportation of product.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Andrew Marshman [<mailto:apmarshman@gmail.com>]
Sent: Saturday, June 08, 2013 12:30 PM
To: rules
Subject: Draft Rules Input: Transportation

I really appreciate the chance you guys let us have to input comments or changes to the draft rules.

Let's start with this:

WAC 314-55-085 What are the transportation requirements for a marijuana licensee?

(5) Transportation of product: Marijuana or marijuana products that are being transported must meet the following requirements:

(a) Only the marijuana licensee or an employee of the licensee may transport product.

I believe it is in the state's best interest to create a separate license for the transportation of marijuana products because:

- The state can make more money off the licensing fee.
- This will add more jobs (Ex. security, drivers, dispatchers)
- The competition between licensed transportation companies will create safer, faster and greener ways to transport the product to create greater appeal to the producers/processors.

Thank you for taking the time to read this, and I look forward to hearing your response.

Regards,

Andrew Marshman
Cell: 206-947-4874

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 11:04 AM
To: 'Jeff Gilmore'
Subject: RE: critique on 502 rules draft

Jeff,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Jeff Gilmore [<mailto:morgandollar44@yahoo.com>]
Sent: Sunday, June 09, 2013 6:49 AM
To: rules; Alison Holcomb; Sen. Jeanne Kohl-Welles; lonniejb@comcast.net
Subject: critique on 502 rules draft

First and foremost overall it is a wonderful job. Well done , A+, thoughtful and concise. There are a couple of small things .

1. Security section wants and alarm on every window. this might be problematic if you are trying to utilize a green house.
2. What you have asked for in regard to teasing in Packaging and labeling WAC 314-55-105 section (9) (c) (9) Labels affixed to the container or package containing useable marijuana sold at retail must include: (c) Concentration of The, THCa CBD, CBDA, CBN, CBG, including total of active cannabinoids (potency profile). THEN on your mock up sample (picture) label you DO NOT include THCA CBDA CBG.. So you have me testing for things Not to be shown to anyone. This is very good for the testing labs but relays no safety information to the consumer.
3. Testing: who is testing the testing labs, I saw nothing for penalties for fraudulent testing In the penalty section. Currently there are no accurate testing labs in Washington. They are all either fraudulent or engage in collusion with other dispensaries. This is not just my opinion but it is also shared with many leaders in the industry.
4. Testing for every two pounds (lot) that come out of a batch . The amount of testing you want done will add roughly 200 hundred dollars to every pound. What if a batch produces 4 1/4 pounds does that 1/4 pound have the same testing.
5. I would like to see some limits on the size of grows and the number of retail outlets that a person or company can own..

Jeff Gilmore

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 11:05 AM
To: 'william johnson'
Subject: RE: draft rules suggestion

Willie,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: william johnson [<mailto:johnson1dome@yahoo.com>]
Sent: Sunday, June 09, 2013 7:23 AM
To: rules
Subject: draft rules suggestion

My main concern deals with city ordinances. There needs to be some sort of grandfather clause to cover the retailers interests. It would not be fair to spend time researching properties, acquiring one, buying business license, building a small building, applying for retailers license then to watch the city suddenly pass a ordinance forbidding cannabis retail stores. How about some type of grandfather clause? Also, if other people have interest in a retail store in the same town then the selection is by drawing names out of a hat....really. How about the best qualified property and best qualified retailer wins the bid. Please don't use a random drawing to determine the tie breaker. I have heard rumors in my town of existing businesses that want to convert to a retail store; I have researched these and they all violate the 1000ft rule. I hope the WLCB has a team of enforcement officers in the field that conducts physical inspections, not people who have an office in Olympia that occasional get out in the field. You will need field offices in districts to address the cheaters. If the medical mmj industry is already skirting the law to such a degree, I guarantee the 502 people will try the same. Many enforcement officers will be needed, probably double of what you are preparing for. These enforcement officers could also bust all of these illegal dispensaries too and the black market. The law enforcement doesn't seem to care about the illegal dispensaries so why would they care about enforcing 502. This is why you will have to do the enforcing yourself. Please open positions for mmj enforcement officers soon. You will need at least one field enforcement officer for Okanogan county alone that lives in Okanogan county and works in just Okanogan county, not in Olympia. Thanks, Wille.

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 11:06 AM
To: 'ali pasha'
Subject: RE: Do not ban hash

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: ali pasha [<mailto:lionofyannina@yahoo.com>]
Sent: Sunday, June 09, 2013 9:35 AM
To: rules
Subject: Do not ban hash

Please, I appeal to you, don't ban hash. This is a mistake. This policy is racist as hashish is the primary method of in-taking cannabis for African, Asian and Middle-Eastern people. In North Africa and the Middle East (Iran, India, Pakistan, etc.) there is no alternative to smoking hash, and most people are not accustomed to smoking unprocessed marijuana and find it unacceptable. This is a policy failure to see hashish banned and I hope you will reconsider. It is a better way to consume cannabis than smoking plain marijuana. Thank you.

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 11:09 AM
To: 'Roger Roffman'
Subject: RE: Comments on I-502 Initial Draft Rules

Roger,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Roger Roffman [<mailto:roffman@uw.edu>]
Sent: Sunday, June 09, 2013 5:32 PM
To: rules
Subject: Comments on I-502 Initial Draft Rules

June 10, 2013

Rules Coordinator
Liquor Control Board
P.O. Box 43080
Olympia, WA 98504-3080

Re: Initiative 502 Initial Draft Rules

Dear Members of the Liquor Control Board:

I am writing to suggest revisions to the draft of WAC 314-55-105 (Packaging and Labeling Requirements). Specifically, I propose modifying the sections concerning accompanying materials that must be given to purchasers of usable marijuana (paragraph 7) and marijuana-infused products (paragraph 8).

Rationale. The launching of a regulated marijuana market offers an important window of opportunity to contribute to the public's accurate knowledge about marijuana.

Today considerable misinformation about the drug is held by both adolescents and adults. Among the contributing factors have been drug education materials that have been only partially accurate, a consequent mistrust of public health information concerning marijuana's risks, and incorrect claims about the drug made in public debates over recent decades, often to argue for reforming policy or for maintaining prohibition.

Since the mid-1980s at the University of Washington, I've conducted counseling effectiveness trials, both with adults and adolescents, focusing on marijuana dependence. I sponsored I-502 because I believed that one of the unfortunate consequences of maintaining marijuana's illegality has been a skewing of public education. I-502

includes a public health alternative to prohibition (i.e., earmarked funding for science-based education and prevention, funding treatment and research, and setting in motion an evaluation process that will inform future policy revisions). I believe these efforts, over time, will lead to a more informed public and healthier norms and behaviors associated with marijuana use.

While drafting the initial rules for this new regulated marijuana market, the Board has a critically important opportunity to help educate consumers, with the goal of promoting informed decisions. I anticipate that other states, as they craft their own laws concerning legalization, will look to Washington State as a model.

Proposed Modification Concerning Accompanying Material. I recommend that the Board issues a rule that mandates retailers to distribute with each sale a document titled "Information for the Consumer." This document should be created by the Board in consultation with the Department of Health, should be updated as necessary, and should be required to have a minimum font size and specify the document's date of issue and version.

The "Information for the Consumer" document should include educational information on:

1. how to read the labels (i.e., what do THC, CBD, CBN, etc. mean) and to the extent possible, explain the different effects that can be expected for different chemical compositions (i.e., the psychoactive difference between high-THC/low-CBD marijuana and vice versa)
2. a discussion of tolerance and withdrawal
3. indicators of marijuana dependence
4. examples of the most important health and mental health risks
5. rationale for warning against use by children and adolescents and restricting sale to adults
6. rationale for warning that women should not use marijuana while pregnant or breast feeding
7. examples of the specific types of impairment that provide the rationale for the warning to not operate a vehicle or machinery under the influence of this drug.

Further, the document should be required to:

1. include the statement "Not FDA Approved"
2. display the DOH help-line telephone number that will be established under RCW 69.50.540(5)(b)(i)
3. be made available in other languages and in version for consumers who are visually- or hearing-impaired
4. include a QR code and a website address to access the University of Washington's Alcohol and Drug Abuse Institute for more information

Thank you for considering these proposals. If my assistance in writing the Information for the Consumer document would be useful, please contact me.

Roger A. Roffman

.....
Roger A. Roffman, DSW
Professor Emeritus

W UNIVERSITY of WASHINGTON
School of Social Work
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Seattle, WA 98105
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PERSONAL EMAIL: roffmanr@aol.com
WEBSITE: www.rogerroffman.com

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 11:42 AM
To: 'djfranklincmz@gmail.com'
Subject: RE: WASAVP I-502 Comments

Derek,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: djfranklincmz@gmail.com [<mailto:djfranklincmz@gmail.com>]
Sent: Monday, June 10, 2013 7:00 AM
To: rules
Cc: rules
Subject: WASAVP I-502 Comments

Attached please find WASAVP's comments on LCB draft rules for the implementation of I-502 and the legal marijuana marketplace.

Thank you for the opportunity to comment.

Derek Franklin,
President, Washington Association for Substance Abuse and Violence Prevention

Sent from Windows Mail

June 10, 2013

Washington State Liquor Control Board

P.O. Box 43080

Olympia, WA 98504-3080

Dear Members of the Board,

Please accept these comments on the I-502 Initial Draft Rules regarding the establishment of a commercial marijuana marketplace in Washington State on behalf of the Washington Association for Substance Abuse and Violence Prevention (WASAVP).

WASAVP is the statewide association for the substance abuse prevention community which includes community prevention coalitions, individual prevention advocates, student advocates, and community-based human services and substance abuse treatment providers. Our members include experts in the substance abuse prevention field with extensive experience preventing harm to youth and communities from alcohol, marijuana, tobacco and other drugs. The focus of our work is to support policies that reduce youth access to drugs, maintain strong enforcement of protective rules and laws, and support healthy social norms which together serve to decrease underage substance use.

We are very concerned that without stronger restrictions on legalized marijuana that underage use of the drug will increase. The 2012 Washington State Healthy Youth Survey confirms that youth attitudes are increasingly more favorable towards marijuana use and they see the drug as less harmful—both results are associated with increased underage use.¹ While it is presumed that the Washington State medical marijuana law is influencing these results, we predict that legalized marijuana will further erode healthy norms, increase underage access, and create law enforcement challenges that will increase underage use.

WASAVP offers the following suggestions for draft rules to maximize and extend the protective measures in I-502, prevent another “Big Tobacco,” and keep youth and communities as safe as possible in the commercial marijuana marketplace.

¹ Johnston, L. D., O'Malley, P. M., Bachman, J. G., & Schulenberg, J. E. Monitoring the Future national survey results on drug use, 2010. Volume I: Secondary school students. Ann Arbor: Institute for Social Research, The University of Michigan.

I. WASAVP supports many measures already included in the draft rules:

- Industry employees must be 21 and older.
- Labels stating that products are for 21 and older.
- Signs stating “Minors Restricted” displayed by retailers.
- Products stored behind a counter in retail stores.
- Retail stores located at least 1,000 feet from areas associated with youth.
- Restrict sales of concentrated THC distillates.
- License suspension for third “strike” sales to minors.

II. WASAVP suggests the following existing draft rules be strengthened:

1. Ban all marketing and advertising of marijuana and marijuana infused products.

Although proposed rules limit some marijuana advertising, we recommend a full ban. Lessons learned from the tobacco market foreshadow that marijuana advertising will be used to promote underage and heavy use—the profit drivers in the addictive drug market. Advertising is directly related to underage consumption². Therefore, a ban on all mass media advertising including billboards, public transportation, magazines, Internet, and social media as well as on product sampling, discount coupons and product giveaways is the best way to protect youth and discourage “Big Marijuana.” An additional consideration is that legal production will likely be far cheaper than current wholesale prices³—lower price is associated with increased underage use. A full ban on advertising will help offset this pressure on youth to use.

2. Use LCB name for logo. The proposed logo depicting WA State outlining a marijuana leaf sends the wrong message to youth—that their state supports drug use. Instead, we recommend using the name of the controlling authority, the LCB with their state emblem, to avoid inadvertently sending an unnecessarily pro-marijuana message.

3. Limit marijuana retail outlet density. We suggest that the board further limit outlet density using the same formula used to determine retail locations for spirits sales prior to I-1183. Tobacco and alcohol-related research indicates that a greater number of outlets is associated with higher rates of related problems for youth. In addition, marijuana retail stores, similar to those currently selling alcohol and tobacco, will tend to be located in communities of color and low-income communities which raises significant social justice concerns. We believe that the convenience afforded by the large amount of marijuana allowed for personal possession under I-502 (one ounce of dried cannabis is equivalent to 50-70 marijuana cigarettes and capable of supplying most recreational users for months) compensates for any need to increase outlet density.

² Available at: http://www.camy.org/factsheets/sheets/Alcohol_Advertising_and_Youth.html

³ *Altered State?* (RAND 2010), interview with medical marijuana cultivator, Kilmer (2012)

4. **Cap the size of production operations and amount on hand.** Limiting the size of grow operations and keeping marijuana production small will discourage the establishment of a corporate cannabis industry, and will better protect youth from the associated advertising and market forces that target them (as seen with Big Tobacco). We also support placing a maximum quantity of marijuana and marijuana-infused products allowed on hand at each tier (producer, processor, retail) to limit diversion and theft.
5. **Restrict hours and days of sales similar to state-run liquor stores prior to I-1183.** We suggest limiting hours of marijuana retail store operation from between 9:00am and 10:00pm. A CDC-appointed task force found one strategy for reducing alcohol-related public health problems is to restrict hours of sale. In addition, we suggest restricting sales to Monday through Saturday to provide one weekend day youth will have less opportunity to illegally obtain marijuana through use of “shoulder tap”⁴ and similar techniques.
6. **Include the Washington Recovery Help Line on labels.** The WA Recovery Help Line provides 24 hour help for people dealing with substance abuse, misuse, and addiction. In addition, we recommend labels include information about the Teen Link which provides a confidential help line for teens dealing with substance abuse issues.⁵
7. **Ban forms of marijuana infused products (MIPs) designed to appeal to youth.** We have seen candy cigarettes promote underage smoking, alcopops promote underage drinking, and even MDMA (“ecstasy”) pills stamped with cartoon characters all to appeal to youth. A ban on comparable marijuana-infused products will help prevent underage use. Sample language can read, *“Edible MIPs shall not bear a reasonable resemblance to any product available for consumption as a commercially available candy or youth-oriented product.”*
8. **Increase sanctions for sales to minors.** Under WAC 314-55-520 increase severity of consequences for sales to minors to include an automatic license suspension for one month or a \$5,000 monetary option upon the first infraction, and a three month or \$20,000 monetary option upon the second. We support the cancellation of the license upon the third infraction. There must be significant incentive to keep marijuana out of the hands of minors.
9. **Increase residency requirements from three months to three years.** We find the three month residency period is too short to deter criminal enterprise and suggest the Board increase the license waiting period to three years to align with Colorado’s.
10. **Increase “points” for non-disclosure when checking criminal history.** Significantly increase points for non-disclosure to 8 points for “each” (WAC 314-55-040, draft rules pg. 8) to compel applicants to disclose criminal history.

⁴ Refers to the practice of youth “tapping the shoulder” of a legal-aged adult outside a marijuana store and asking her/him to purchase marijuana or marijuana infused products for a them; typically involving a monetary incentive.

⁵ Available here: <http://warecoveryhelpline.org/>

III. WASAVP suggests the following rules be added:

1. **Establish a marijuana enforcement contingency fund.** LCB enforcement officers are critical to the safe implementation of I-502. We are concerned that tax evasion will threaten the necessary funding stream to support enforcement and other safety provisions in the law. A 2010 RAND working paper by Caulkins, Morris, and Ratnatunga titled *Smuggling and Excise Tax Evasion For Legalized Marijuana: Lessons from Other Excises Taxes* notes that tax evasion in a legal marijuana marketplace can foreseeably be quite high and that, *“California should not rule out the possibility that tax evasion could potentially wipe out essentially all of the potential revenues from a \$50 per ounce excise tax (on marijuana).”* Establishing a contingency fund from license fees and fines will help fund LCB enforcement if tax revenues fall and threaten enforcement capacity.
2. **Require Washington State I.D. for all marijuana purchases.** Given the extremely high value to weight ratio of marijuana and the drug’s illegal status federally, Washington’s “export” market may be many times greater than in-state sales. Requiring in-state identification (driver’s license or comparable photo identification) will help limit export sales and create another barrier for illicit underage access by increasing the difficulty of using fake out-of-state I.D.s.
3. **Omit “serving size” language; keep maximum THC amount:** The idea that an addictive, Schedule 1 substance has an approved serving size recommendation sends the message to youth that marijuana is healthy to consume in any quantity. In addition, the impact of marijuana on the central nervous system is so variable that a recommendation of any amount without better science might unintentionally encourage over-consumption. That is, the public may mistakenly equate the concept of an FDA-like approved “serving” with a level of consumer safety that does not exist. At the same time, we recommend keeping a cap on the maximum amount of active THC in any one product to limit overconsumption. (Educational materials should include THC intoxication estimates and best practices.)
4. **Public education material distributed at point of sale.** Require that the best science (journal-published, peer-reviewed, double blind) on the known health and safety effects of marijuana be distributed with every sale. We specifically oppose the idea that moderation by adults is safe because such a claim is not supported by science. We suggest the following information be included about marijuana products: addictive, impairs driving, impacts physical and mental health, zero tolerance for minors, and federal vs. state laws. We also suggest all information should include a link to materials on the Alcohol and Drug Abuse Institute (ADAI) public information website created under I-502.
5. **Mandate reporting of loss/theft/diversion.** Similar to alcohol theft after I-1183, theft/ loss/ diversion can be a problem that is difficult to track especially after significant regulatory changes to an industry. In addition to “seed to sale” tracking measures, we suggest monthly reporting of all product loss to the Board and to law enforcement. This will best inform law enforcement investigations about diversion into the black market and guide limited substance abuse prevention interventions such as vendor and parent education. This information should be made available as close to “real time” as possible to be most effectively utilized.

6. **Set a minimum price for marijuana and marijuana infused products.** To keep prices from falling, which is associated with increased use by minors, we recommend placing a minimum price on marijuana and marijuana infused products.
7. **Mandatory Responsible Vendor Program (RVP).** A mandated RVP will discourage sales to youth and help establish a culture of compliance across the industry.

IV. WASAVP recommends the following changes to draft rule language and definitions:

Pages references per I-502 INITIAL DRAFT RULES (REV 05.16.2013)

Page 1

WAC 314-55-01 (4) Include "*private and charter schools*" in the definition of elementary schools.

Page 2

WAC 314-55-015 (2) should include the language, "*and have no felony convictions.*"

WAC 314-55-015 (3) should specify where and how large the "minor restricted" signs are to be posted, such as "*In clear view and easily discernible from a distance of ____feet.*"

Page 3

WAC 314-55-020(1) should specify that if the Board goes past 20 days there is not an assumed right for applicants to begin operation. This recommendation is to avoid the problem of applicants perceiving they are waiting too long for Board notification and so begin operation outside the rules while waiting for the system to "catch up." (Note: prevention colleagues in Colorado note this to be a frequent problem.)

Page 4

WAC 314-55-020 (8) (table) Identify "*electrical integrity*" in the table under "Producer" with suggested language, "*all utilities must be built to and maintain building code.*" Electrical malfunction and the resulting fires are a real concern with the amount of energy the growers will need.

Page 5

WAC 314-55-020 (9) Better define "*substantial change.*"

WAC 314-55-020 (11) Include need to be current also on "*back child support.*"

WAC 314-55-035 (1) The table should include "*Board of Directors*" for several of the entities described.

Page 10

New Section 314-55-050 (6) Insert "*state or federal*" before "law" to discourage criminal enterprise.

Page 11 - 12

WAC 314-55-075 (4), WAC 314-55-080 (4), and WAC 314-55-081 (2) Remove the vague reference to “the market” and replace it with “the board” to be less subjective and avoid claims by the marijuana industry that its own market has “deemed it necessary.”

Page 12

WAC 314-55-079 (1) Specify a restriction on spice and bath salt types of drugs.

Page 13

WAC 314-55-082 (1) Specify a minimum requirement on how much insurance must be carried. If insurance is mandated, it is important to clarify how much insurance must be carried.

Page 14

WAC 314-55-083 (1) Define “Identification Badge” as one including a photo to discourage fraud.

Page 20

WAC 314-55-097 Include an additional requirement to record this process to avoid the easy opportunity to skim and divert into the black market.

Page 30

WAC 314-55-155 (2) Specify “cartoon characters” in definitions.

Page 40

WAC 314-55-525 (new—Group 2) Penalties for advertising violations should increase after each infraction to avoid businesses working fines into their budgets and not changing behavior. We suggest fines double from the amount paid for the previous infraction (keep first infraction at \$1,000).

Page 41

WAC 314-55-525 (new—Group 2, chart reference: WAC 314-55-085) Initial penalty for a transportation violation should not equate to a “free pass” given the serious implications for trafficking and the likelihood of a major export market developing. We suggest a \$5,000 fine for the first infraction and a \$10,000 fine for the second in addition to existing license suspensions.

Page 42

WAC 314-55-525 (new—Group 2, chart reference: RCW 69.50.357) Due to the seriousness of potential consequences of selling unauthorized products, we suggest a \$1,000 fine per item sold.

Page 44

WAC 314-55-535 (new—Group 4, all categories) To avoid growers quickly moving or hiding plants to avoid destruction, instead impose a significant monetary fine for producer violations. We suggest a percent of the previous quarter’s revenue (beginning at 10%) that increases with subsequent infractions.

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 11:21 AM
To: 'Robert Gallaher'
Subject: RE: Stakeholder Comments on I-502

Robert,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Robert Gallaher [<mailto:robert.gallaher@comcast.net>]
Sent: Sunday, June 09, 2013 9:55 PM
To: rules
Subject: Stakeholder Comments on I-502

To Whom It May Concern:

Thank you for the opportunity to comment on the Draft Rules. There are, of course, many difficulties in attempting to bring marijuana products into a regulated commercial industry. The following comments reflect only a few of the problems I think must be addressed before this initiative can move forward.

1. Trichomes are the very small gland-like structures found on the leaves and flowers of the marijuana plant. These structures are where most of the active ingredients in the plant can be found. It is well-known that trichomes can be separated from the leaves and flowers mechanically (i.e., by physical processes not requiring solvents of any kind).

Further, these trichomes produce a product commonly referred to as "kief", and are a very pure, potent, and useful by-product of the flower trimming process. Kief can be smoked as is, can be pressed into hash – again by simple mechanical processes – or used as the ideal ingredient for every kind of infused and edible products.

Thus, kief can easily be defined as "useable marijuana", since it literally falls directly off the plant parts without the use of gasses, solvents, or other artificial means. I urge you to define "mechanically produced" kief as a "useable marijuana" product within the letter and spirit of I-502.

2. The physical location of any producer, processor, or retail outlet must be 1,000 feet from certain entities as listed in the rules and conforming to similar federal statutes. It is imperative, however, that no license will be subject to non-renewal if one of the listed entities moves within that 1,000 foot perimeter after the marijuana business is approved and established.

3. As a part of the penalties for certain license infractions; a percentage of "harvestable plants" is to be destroyed. This is in many ways impractical and literally counter-productive. Monetary fines or license revocations make more sense.

If, however, this penalty option is to be retained in the rules, the definition of "harvestable plants" must be made very clear. For example: They could be defined as those plants that have been in the flowering (12-hour) cycle for 7 weeks or more.

4. It is becoming increasingly clear that – for those producer license applicants who do not already possess a suitable piece of real estate – or adequate funds on hand to purchase one, it may be prohibitively difficult or impossible to find a building owner willing to risk leasing a suitable location (e.g., warehouse) for this use. They may be unwilling for many reasons – not the least of which is the knowledge that this law will not indemnify anyone from federal forfeiture and prosecution. Additionally, it has yet to be established that suitable commercial insurance will be forthcoming from the underwriters.

Even if such hurdles can be surmounted in a timely fashion, i.e., a suitable location and a willing owner and adequate insurance coverage can be obtained - it is hardly feasible for a prospective business licensee to commit and expend the enormous resources required to secure said location prior to applying for and being granted approval – not only by the WSLCB, but by any number of local, municipal, and county jurisdictions - before actually being allowed (if ever) to proceed.

Therefore, it is proposed that license applications, that otherwise meet all of the requirements, should receive preliminary approval – subject only to the acquisition of a property that is suitable for the stated planned business activities of the licensee. Failure to acquire said property within the first year could be grounds for non-renewal.

Good luck with this historic endeavor!

Best regards,

Robert Gallaher

(206-619-6018)

P.S. Due to the sensitivity of the subject matter, as well as the possibility of federal prosecution, it is my preference that you do not publish my name. You may contact me if you have any questions, however.

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 11:23 AM
To: 'john fennessey'
Subject: RE: Draft rules-Marijuana Licenses

John,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

The residency requirement was written into the initiative. A legislative change is required to change the residency requirement.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: john fennessey [<mailto:jfennessey@live.com>]
Sent: Sunday, June 09, 2013 10:26 PM
To: rules
Cc: Avner Gigi
Subject: Draft rules-Marijuana Licenses

To Whom it May Concern:

After reading the draft rules published concerning Marijuana Licenses, Application Process, Requirements, and Reporting, I am both satisfied that thought and consideration has been used in writing the initial draft and concerned regarding a few of the details outlined.

My primary concerns are with the application and requirements sections of the draft.

First of concern, the requirement of residency for all licensees. This seemingly creates an unnecessary burden on owners involved in partnerships as well as owners and managers/staffers living in border areas such as Vancouver. Background checks provided for in the application process seem sufficient to screen out unsuitable applicants, while the residency requirement serves primarily to disqualify individuals that would otherwise be deemed suitable applicants.

Also the disqualification of persons based only on geography has the potential to lead to litigation which may disrupt the implementing of all the rules.

Second issue of concern is the definition of [True Parties of Interest] and the requirement that they meet the same requirements as the licensees. Again the issue of residency is at issue. Non-managing partners, the

spouses of partners and share holders who are not considered corporate officers should only be vetted to determine influence they may have in the operations of the company.

Non-managing partners will be given full criminal and financial background checks however these persons may or may not live in Washington State. Spouses of [True Parties of Interest] are private individual who's connection to the enterprise needs to be determined prior to denying a license to an applicant. And any attempt to consider share holders in a publicly held corporation as [True Parties of Interest] precludes the corporation from a) functioning as a publicly traded entity or b) receiving licensing as a marijuana retailer.

The overall mechanisms put into place governing the tracking, reporting, licensing, and ongoing reviewing of licensees for the purposes of renewal coupled with background checks and ongoing financial reporting serve to ensure compliance with the intended purposes of these regulations.

The inclusion of residency requirements that complicate ownership and discount the realities of living in a commuter society particularly in border areas of the state seems an unneeded complication.

Thank you for your consideration.

Sincerely:

John M Fennessey

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 11:26 AM
To: 'vagabondtoo msn.com'
Subject: RE: rules

Devorah,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: vagabondtoo msn.com [<mailto:vagabondtoo@msn.com>]
Sent: Sunday, June 09, 2013 11:14 PM
To: rules
Subject: rules

June 9, 2013
Dear WSLCB

A few comments on the rules
WAC 314.55-015 #11

This disallows samples of infused products as well as MJ. Perhaps consumption on premises would facilitate cultural continuity.

RCW 69.50.331 (1) (b)

Three months is too short of a "residency period" It is better to model this on University in state tuition, which is a year WA residency.

WAC 314-55-104

Extracts. Encourage organic processing (and growing).

General comment on packaging.

It would be better if consumers could view the entire product through clear packaging.

Devorah Greenspan
Pomeroy

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 11:26 AM
To: 'Verne'
Subject: RE: Please allow licensing of producers with less than 99 plants.

Verne,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Verne [<mailto:verne@adamsopals.com>]
Sent: Sunday, June 09, 2013 11:18 PM
To: rules
Subject: Please allow licensing of producers with less than 99 plants.

Please allow licensing of producers with less than 99 plants.

I believe it is important to keep the license fees low and allow small producers into the "grown in Washington" market.

As seen in the beer market, small micro-brews can be some of the best tasting beer made.

Thanks,
Verne Adams

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 11:36 AM
To: Nyffler, George
Subject: RE: I-502 Rules

George,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

The initiative prohibits a marijuana retailer from selling any products other than useable marijuana, marijuana-infused products, and marijuana paraphernalia. A former state liquor store would not meet the qualifications for the marijuana retailer license because they sell other products. A legislative change is required to allow other products to be sold in a marijuana retailer licensed premises.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: GEORGE NYFFLER [mailto:ggnyff@yahoo.com]
Sent: Sunday, June 09, 2013 11:43 PM
To: rules
Cc: Nyffler, George; Nyffler, George
Subject: I-502 Rules

I have a couple ideas that the Washington State Liquor Control Board should consider:

1.) New Section: WAC 314-55-015 General Information About Marijuana License

should read: (7.) The Board will not approve any marijuana license for a location within another business...unless that business is a Former State Liquor Store, bought at auction and still in the hands of the original purchaser at auction.

or: (7 a.) A business with a retail marijuana license shall be permitted to sell retail spirits, for off-premises consumption, if the establishment meets the original criteria for selling spirits in an establishment of 10,000 sq. ft. or less. (This is meant to include the 167 Former State Liquor Stores bought at auction AND the 161 Contract Liquor Stores...if the State feels compelled to manage 328 retail marijuana establishments.)

Managing 167 Former State Liquor Stores that also retail marijuana would be EASY and

would save the State MONEY!!! The WSLCB could save 50% of its Enforcement budget by policing both Liquor Stores & Marijuana Stores that reside under the same roof. Also, communities that may have a problem with the geographic location of a retail marijuana store being too close to a school, house of worship, etc. couldn't possibly have a problem with a Former State Liquor Store that has been a member of the community for up to 78 yrs., just because it is now able to sell marijuana legally. At auction, we were told that if we bought a store the community could not deny us our ability to conduct business. So, it only stands to reason, we could not be denied the ability to sell an additional commodity...marijuana.

If 167 retail outlets for marijuana isn't enough, then I'd propose letting the 161 Contract Liquor Stores in on the business, also. "328" seems to be a magic number for the State. The State had absolutely no problem managing 328 stores. Now that there are 1500 liquor stores to manage, WITH NO END IN SIGHT, I believe that the States management skills and enforcement abilities are stretched thin as it is. Why not make your life EASIER by policing marijuana AND alcohol while at the same location??? It's a no brainer!!! Having marijuana retail issues in Downtown Seattle neighborhoods would disappear, also. Lastly, a Mom & Pop business that is STRUGGLING, and probably doomed to go bankrupt because they can't compete against the "Big Box Bullies," need to have "an edge." It is by no means a guarantee for success, but having the ability to sell retail marijuana could be the "edge" that they need to survive. Also, a Mom & Pop liquor store bought at auction for HUNDREDS OF THOUSANDS OF DOLLARS is far less likely to screw the State out of tax revenue... because they have more "skin in the game." The same can NOT be said about ANY upstart retail marijuana business that the State could ever hope to consider licensing. (Why would we endanger our liquor license for the few dollars it would cost to get a license to sell pot??? The State would have us Former State Liquor Stores by the "balls" when it comes to compliance!!! ...need I say more?)

2.) Consequences For Theft Need to be Included. 1st offenses would put the establishment on "notice." They would have to identify why and how the theft was able to occur and come up with a mitigating procedure to assure the State that a second offense is improbable. After a 2nd offense, suspend their license for a year. A 3rd offense would revoke the license permanently.

3.) "Washington Bucks." Ever consider the idea that NO CASH would ever change hands when a marijuana transaction takes place??? Also, "Washington Bucks" could only be spent in Washington. Money from marijuana sales could not be spent in California, Oregon, Idaho, etc., etc. This would assure the State that marijuana PROFITS would stay here, not just the TAX REVENUE.

4.) I'd like to see a marijuana growers licenses application take into consideration "legitimate" farmers. My family has been farming in Washington since 1910. I don't want the State to legitimize some "underground ongoing criminal enterprise" ...after all, are these the type of people who are going to pay ALL of their taxes, unemployment insurance & workmans comp?

5.) All Marijuana License Applicants Must Pass a URINE TEST.
Don't tell them until AFTER they apply!!! If you can't get food stamps because you are "dirty" then you can't be trusted to run a legitimate marijuana business.
Failing a urine test means you can NOT be a business owner...that doesn't mean you can't be a great EMPLOYEE!!!

I've got more ideas...just ask me!!!

Thank you for this opportunity to contribute to the rule making process.

George Nyffler
GGNYFF@Gmail.com

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 11:41 AM
To: 'juliagreeseon@comcast.net'
Subject: RE: I502 rules comments

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: juliagreeseon@comcast.net [mailto:juliagreeseon@comcast.net]
Sent: Monday, June 10, 2013 7:00 AM
To: rules
Subject: I502 rules comments

LCB; Thank you for allowing the public the opportunity to comment on the proposed rules related to the implementation of I502. While there are many measures in place in the proposed rules that will help protect youth from availability, promotion product, the following are items that I think are important to tighten up as much as possible. I am a mother of two children. Please do all that you can to help protect our YOUTH!

(page 2) WAC 314-55-015 General Information about Marijuana Licenses:

Recommend the following change to WAC 314-55-015, General information about marijuana licenses:

(3) Minor restricted signs must be posted ~~at all marijuana licensed premises on all entrances of all marijuana licensed premises.~~ Sign must read: "Washington State Law prohibits the sale and use of marijuana and marijuana infused products to persons under 21 years of age. Persons under 21 years of age not permitted on these premises."

(page 9) WAC 314-55-050 Reasons the board may seek denial, suspension, or cancellation of a marijuana license application or license:

Recommend the following addition to WAC 314-55-050 Reasons the board may seek denial, suspension, or cancellation of a marijuana license application or license:

(11) The board may not issue a new marijuana license if the proposed licensed business is within one thousand feet of the perimeter of the grounds of any of the following entities. The distance shall be measured as the shortest straight line distance between the perimeters of the proposed licensed location and the entities listed below:

- (add) (i) any establishment that sells marijuana or marijuana infused products.
- (add) (j) any establishment that 75% or more revenue comes from alcohol sales.

Higher density areas designed to focus activities related to the distribution of substances for recreational use are not good for communities. Please do all that you can to prevent outlets from being focused in under-served and low income communities and communities with high health disparities.

(page 12) WAC 314-55-080 What is a marijuana producer/processor license and what are the fees related to a marijuana producer/processor license?

It is important for the Board to be conservative in regard to how much marijuana is produced for sale in Washington's retail stores. It will not be difficult to increase the production capacity of marijuana if initial estimates are too low. However, it will likely be challenging to shrink the marketplace if production amounts are too great. Excess marijuana capacity incentivizes promotion of use and diversion of product to youth and markets outside Washington. Surplus marijuana supplies would also push retail prices downward. As we know from experience with alcohol and tobacco, low prices correspond to increased youth access and use.

(page 12) WAC 314-55-081 Who can apply for a marijuana retailer license?

The Board should consider prohibiting Internet, mail order, drive-through window and delivery sales of marijuana and marijuana infused products.

When the Board notifies local jurisdictions of retail license applications, they should encourage the notification of local community organizations and stakeholders as well. Maybe the board could set up a notification center that one could sign up for (like a listserv) that will send out notifications of all new applications so that community advocates can be aware.

(page 15) WAC 314-55-085 What are the transportation requirements for a marijuana licensee?

Recommend the following addition to WAC 314-55-085 What are the transportation requirements for a marijuana licensee:

(5) Transportation of product: Marijuana or marijuana products that are being transported must meet the following requirements:

(add) (f) Marijuana and marijuana infused products may not be delivered directly from retailer to customer.

(page 16) WAC 314-55-086 What are the mandatory signs a marijuana licensee must post on a licensed premises?

Suggest changing the following:

1. Notices regarding persons under twenty-one years of age must be posted on the premises as follows:

Type of licensee: Marijuana producer, marijuana processor, and marijuana retailer.

Sign must contain the following language: "Washington State Law prohibits the sale and use of marijuana and marijuana infused products to persons under twenty-one years of age. Persons under twenty-one years of age not permitted on these premises."

Required location of sign: ~~Conspicuous location~~ Posted in plain view at each entry to premises establishment.

(2) Signs provided by the board prohibiting opening a package of marijuana or marijuana-infused product in public or consumption of marijuana or marijuana-infused products in public, must be posted as follows:

Type of premises: Marijuana Retail

Required location of sign: Posted in plain view at ~~the main~~ each entrance to the establishment.

(page 23) WAC 314-55-105 Packing and Labeling Requirements:

Recommend the following change to WAC 314-55-105, Packing and Labeling Requirements:

#1:

(7) All usable marijuana when sold at retail must include accompanying material that contains the following warnings that state:

- a. "Warning: Smoking ~~may be~~ is hazardous to your health; marijuana smoke contains chemicals known to cause cancer".

We know:

1. Marijuana smoke contains cancer causing chemicals.
2. Smoking, in any form, is hazardous to your health.
3. Smoke can trigger asthma; inhaled causes fine particulates in your lungs. This is widely recognized as unhealthy, regardless of what kind of smoke it is.

#2: Labels affixed to the container or package containing useable marijuana sold at retail must

include:

(e) Warning that states: "~~May be habit-forming~~ Marijuana is addictive".

(page 29) WAC 314-55-147 What hours may a marijuana retailer licensee conduct sales?

Recommend the following change to WAC 314-55-147 What hours may a marijuana retailer licensee conduct sales:

A marijuana retailer licensee may sell useable marijuana, marijuana-infused products, and marijuana paraphernalia ~~between the hours of 6am and 2am during the following hours:~~

Monday- Thursday: 10:00 a.m. to 9:00 p.m.
Friday- Saturday: 10:00 a.m. to 10:00 p.m.
Sunday: 12:00 p.m. to 5:00 p.m.

The Board should consider adopting rules on hours of operation for retail outlets that are similar to hours of operation for liquor stores prior to the adoption of Initiative 1183. Public health research indicates that limiting hours of sales reduces problems associated with excessive consumption and underage use.

(page 30) WAC 314-55-155 Advertising

Recommend the following change to WAC 314-55-155 Advertising:

(1) Advertising by retail licensees.

The board limits each retail licensed premises to one sign identifying the retail outlet by the licensee's business name or trade name that is affixed or hanging in the windows or on the outside of the premises that is visible to the general public from the public right of way. The size of the sign is limited to sixteen hundred square inches and may not contain any statement or illustration that:

- a. Is false or misleading;
- a. Promotes over consumption;
- a. Represents the use of marijuana has curative or therapeutic effects.

(d) Depicts any person, child or other person under legal age to consume marijuana, or includes:

- i. Objects, such as toys or characters, suggesting the presence of a child, or any other depiction designed in any manner to be especially appealing to children or other persons under legal age to consume marijuana; or
- ii. Is designed in any manner that would be especially appealing to children or other persons under twenty-one years of age.

All general marijuana advertising should be banned in Washington State, this includes any advertising, statements, and or illustrations of use of marijuana or marijuana infused products and or retailer establishment in print, radio, social media and television, or any other method, and that retailers are only permitted one sign per establishment to advertise their business.

The restrictions on advertising should be as strict as legally possible.

Labels on marijuana and marijuana infused products sold in Washington State should follow the advertising limitations that are listed on page 30, WAC 314-55-155.

(page 31) WAC 314-55-160 Objections to marijuana license application:

addition to WAC 314-55-160 Objections to marijuana license application:

(2) What will happen if a person or entity objects to a marijuana license application?

When deciding whether to issue or deny a marijuana license application, the board will give due consideration to input from governmental jurisdictions in which the premises is located; and other persons or groups.

(add) (c) The board will deny new marijuana license applications and/or refuse renewal of a marijuana license application based on county, city, tribal government or port authorities where ordinances are passed banning the production, processing and or sale of marijuana and/or marijuana infused product within their jurisdiction.

Local, community supported, ordinances should be upheld to respect and value the community decision making process to reduce and prevent youth substance use.

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 11:47 AM
To: 'Smilefam@aol.com'
Subject: FW: marijuana regulations idea

Tim,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

-----Original Message-----

From: Smilefam@aol.com [<mailto:Smilefam@aol.com>]
Sent: Thursday, May 30, 2013 5:19 PM
To: rules
Subject: marijuana regulations idea

Dear Washington State Liquor Control Board,

In an effort to facilitate the guidelines process for the Washington State marijuana program, and to suggest some ideas to optimize the program, I'd like to offer an idea for consideration.

In keeping with the concept of efficient management and distribution while maintaining optimum security, safety and State revenue, adding a well-managed, secure, and accountable virtual-storefront distribution system to the already planned storefront distribution facilities would accentuate the access to law abiding State citizens, provide access to disabled and both time and commuter challenged populaces including low income populations, and allow those averse to public purchases to participate and purchase. Equal ease of access to all is paramount to successful and fair implementation and operation.

Identifiable reasons to consider such a virtual e-commerce option are:

- Equal opportunity access for all demographics, locales, and disabilities
- Bridge the hurdles of access associated with lack of transportation, availability of personal clock hours, and personal privacy during purchasing
- Increased access to, and sales of, product resulting in increased State revenue
- Increased efficiency due to reduced time and cost to implement sales

- Dramatic reduction of needed security, and dramatic increase of safety, associated with sales

Specific considerations for a secure and contained virtual e-commerce option to ensure it is maintained at the same standard and security of storefront facilities are:

- Arrangement to pick up purchases as 'drop-ship' direct from grower or distribution source to purchaser
- Arrangement with courier companies and private third-party transportation companies to transport product and satisfy State reporting requirements
- Arrangement to pre-qualify purchasers based upon State residency status and age via a secure State Motor Vehicle drivers license database
- Need for implementation of legacy-bridge software to associate qualified purchasers, State databases, individual purchases, and pick-up and delivery reporting
- Need to manage, track, and report pick-up and delivery quantities of individual purchases
- Need to ensure safe and confirmable delivery

Potential protocols for consideration for implementing and operating the virtual e-commerce option are:

- Restrict virtual-store purchase deliveries within Washington State
- Implementation of legacy-bridge software to associate qualified purchasers, State databases, individual purchases, and pick-up and delivery reporting
- Purchasers pre-qualify via the State Motor Vehicle database and agree to the terms, conditions, and criminal disclosures and acceptance of liability for fraudulent purchases; purchasers are disqualified in real time based upon loss of Washington State residency
- Each individual purchase is restricted in accordance with State sales regulations
- Delivery by courier or other private third-party transportation company
- Delivery by 'signature required'
- Pick-up and delivery is processed with the distribution source recording and reporting individual package contents and destination to State agency, and the delivery company reporting individual package destination delivery to State agency
- Ongoing compliance is required according to State regulations

Thank you for your time.

Tim

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 11:48 AM
To: 'yorkd03@gmail.com'
Subject: FW: Medical cannabis

Dennis,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

-----Original Message-----

From: Dennis York [<mailto:yorkd03@gmail.com>]
Sent: Tuesday, May 14, 2013 11:05 PM
To: rules
Subject: Medical cannabis

Dear Sir or Madam:

The only input I can give is this: Please don't let I-502 screw up patient access to their medicine.

Granted, some have no doubt abuse the medical program. But you know there are still thousands of us who RELY on safe access (including reasonable prices) for our very lives and/or their quality.

I nearly died from taking various pharmaceuticals for severe post surgical pain/chronic from 5 thoracic surgeries, the pharmaceuticals nearly destroyed my already compromised renal system which resulted in acute renal failure and a three-day coma.

I used cannabis recreationally back in the day ('73-81) and sporadically from '81-recent, quitting in '81 to work and raise my family.

I started using cannabis this time only because that was the best (only) choice I had to retain any sort of quality non-opiated or hepatically healthy life, to spend with my wife, children and grandchildren.

I ask you again, please take us "legit" medical cannabis users the best of the Board's compassion, consideration and heart as you finalize the process.

Sincerely,
Dennis A. York

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 11:53 AM
To: 'YellowJuana Cake'
Subject: RE: Fine tuning cannabis rules

Darla,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: YellowJuana Cake [<mailto:yellowjuanacake@gmail.com>]
Sent: Monday, June 10, 2013 8:25 AM
To: rules
Subject: Fine tuning cannabis rules

Please don't reduce the freshness of infused products by imposing a three day quarantine on either side of the transport.

Please don't create an explosive situation by allowing the sale of flowers but not concentrates. There are too many idiots over 21 who know how to look up butane hash extraction vids on youtube but don't follow the safety precautions. It's better to restrict the production to professionals and allow sales of concentrates. Also, the closed loop system won't work for all types of solvents and/or deliver the desired end product, so perhaps you should allow for some leeway with extraction techniques.

Lastly, I urge you to facilitate the licensure of producers with less than 99 plants entry into the local "Grown In WA" market.

Regards,
Darla Ruff

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 12:04 PM
To: 'Pasha Danishek'
Subject: RE: proposed rules to I-502; the allowance of concentrates

Pasha,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Pasha Danishek [<mailto:pdanishek@hotmail.com>]
Sent: Monday, June 10, 2013 10:57 AM
To: rules
Subject: Re: proposed rules to I-502; the allowance of concentrates

Thank you for allowing the public's opinion while figuring out the Cannabis issue. Although it is still in transition, I've noticed several new concepts and patterns, and am heartened that the issue is being rectified and simplified. I look forward to the day that the process is streamlined, the gossip corrected, and the limelight passed to something more important.

That being said, I'm writing in response to the silly notion that - after ALL THIS EFFORT - to bring Cannabis correctly into the world, not enough attention is being paid to hash. I'm the first to admit that the experimental nature of "concentrates" and other chemical additions to the once-pure Cannabis/THC/CBD is uncharted territory, attacked from all sides (INCLUDING citizens, patients and the Federal Government) which leaves incredible power & freedom in the hands of those who don't know what to do with it or how to handle it maturely.

But banning hash is not the answer, as well you already know. It's better to continue to re-educate the people in regards to vices, addictions, balance, gluttony, etc etc etc. I'm hopeful that this stage in rebellion-amongst-the-rebellious will soon end, and we can, once again, work together for the good of Cannabis and humanity. and the earth. Thanks for your time.

Respectfully in peace,
Pasha Danishek

P.S. Feel free to contact me with any comments, concerns or questions. 206-427-0784

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 12:05 PM
To: 'Sam Schrankel'
Subject: RE: Rules and regulations

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

-----Original Message-----

From: Sam Schrankel [<mailto:schrankelx5@comcast.net>]
Sent: Monday, June 10, 2013 11:07 AM
To: rules
Subject: Rules and regulations

The rough draft of the rules seems to be fair and responsible.. Everything I've read is upmost professional. I hope this all works out for our state. Thank you all,for what you've done so far. Hope I can help out more!!

Sent from my iPhone

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 12:06 PM
To: 'Sally Shaver'
Subject: RE: Comments on Draft I-502 Rules

Sally,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Sally Shaver [<mailto:rasandsas57@yahoo.com>]
Sent: Monday, June 10, 2013 11:32 AM
To: rules
Subject: Comments on Draft I-502 Rules

June 10, 2013
Washington State Liquor Control Board
P.O. Box 43080
Olympia, WA 98504-3080
Re: Initial Draft Rules

Dear Director Garza and Members of the Board:

We are members of the East Central Community C.A.F.E. (Community Action and Family Engagement), a group of residents that volunteer our time to make the East Central neighborhood of Spokane, WA a safer, cleaner and more desirable place to live. We worked hard advocating for the expansion of and the passage of the East Central Alcohol Impact Area (AIA), preventing the closure of our neighborhood library and were responsible for removing hundreds of pounds of garbage from our neighborhood parks. Currently, we are working on revitalizing a historic business hub within our neighborhood. Many hours have gone into painting over graffiti, clearing weeds, hosting community events, meeting neighbors, educating policy makers and more. We do not want to see all of our hard work unravel with the implementation of I-502.

There are many public safety concerns that we feel need to be addressed. First and foremost, children and neighborhoods need to be protected. We are asking you to please:

1. Not allow marijuana infused candy or candy like products to be sold- These products are inherently attractive to children and can easily be confused with regular candy or candy like products.
2. Require child resistant packaging- This measure would protect youth by making it more difficult for them to open the product.
3. Expand the definition of "child care center" to include all licensed childcare providers not just "licensed educational environments with a curriculum usually associated with preschools". There are multiple in-home child care centers that could be adversely impacted by the location of growing, processing or selling of marijuana.
4. Decrease the hours in which marijuana is allowed to be sold. The proposed hours of 6:00am- 2:00am are excessive. Depending on how the city chooses to zone the retail dispensaries, the hours of operation could have major impacts on neighborhoods- especially low income areas that are not located near parks, recreation centers etc.

We would like to lend our support for the steep fines that are being proposed for retailers that sell marijuana to youth. Thank you for taking the time to listen to our concerns and consider our suggestions regarding the initial draft rules.

Sincerely,
Heather Wallace
Sally Shaver
Debby Ryan
Ron Myers

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 12:07 PM
To: 'jon@kromanlaw.com'
Subject: RE: Comment on Draft I-502 Rules

Jonathan,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: jon@kromanlaw.com [mailto:jon@kromanlaw.com]
Sent: Monday, June 10, 2013 11:49 AM
To: rules
Subject: Comment on Draft I-502 Rules

This comments on two issues that have arisen in conversations with clients concerning the draft rules.

Retail License Allocation. My clients consider it a certainty that, in King County, the number of applicants for retail licenses will exceed the number available. In that circumstance, Section 314-55-081(5) would require a lottery as the mechanism for allocating licenses. This creates the possibility that the distribution of retail locations could be concentrated in certain areas of the King County, the result being limited consumer access and/or competition between retailers based on chance.

Alternatively, the Board could, for at least King County, create smaller areas within which limits would be set and lotteries conducted if applications exceeded a limit. For example, King County could be divided into four allocation quadrants defined by I-90 as the east-west line and the middle of Lake Washington as a north-south line, with zip codes available for precision.

Licensure of Certain True Parties in Interest. Section 314-55-035(2)(d) excludes from the definition of "true party in interest" parties in a bona fide franchise agreement with the licensee. The exclusion relates to the premise that a person or entity receiving a percentage of gross or net sales from the licensed business is a true party in interest and therefor must be an "applicant", as defined in Section 314-55-010(1) to become a licensee.

My concern is that the exclusion is too narrow. My clients have asked me about business arrangements between a licensee and another person or entity entailing percentage-based compensation in exchange for generic business services or support (website design or development of marketing collateral, for example). The draft rules mean that, subsequent to issuance of a license and absent a bona fide franchise relationship, the licensed entity could not enter into such an arrangement without the other party ,

becoming a true party in interest, and therefor an applicant and putative licensee, after the fact. Using a franchise relationship to preclude this result is not workable because the relationship is not otherwise consistent with that of a franchisee-franchisor. Additionally, bona fide franchise relationships are highly regulated, very costly to establish and therefor problematic for smaller scale businesses.

The paramount public interest in transparency and accountability could be served in either of two ways which would address my clients' concerns. One would be to allow licensees to supplement their applications to add persons or entities in a percentage-based financial relationship. That seems problematic. The draft rules understandably seem to contemplate a "snapshot" of the persons or entities needing to be investigated and approved at the time of the initial application. Creating any exception raises both policy and administrative capacity questions.

What seems more feasible is to expand Section 314-55-035(2)(d). Specifically, it could exclude from the definition of "true party in interest" parties in a bona fide business relationship with the licensee if the following conditions are met: (1) all of the material terms of the business relationship must be in a written agreement; (2) the percentage of gross or net revenue must be fixed in advance and not vary during the term of the agreement; (3) the person or entity receiving payment must not exercise control or participate in the management of the business; (4) Section 314-55-035(2)(d) would not affect whether a person or entity is a true party in interest for reasons other than receipt of percentage based compensation; and (5) the written agreement would be available to or filed with the Board.

Thanks in advance for your consideration.

Jonathan Kroman

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Please consider the environment before printing this email.

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 12:08 PM
To: 'Peter Carris'
Subject: RE: I-502 Draft Rules Comments

Peter,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Peter Carris [mailto:peterc_83@hotmail.com]
Sent: Monday, June 10, 2013 11:52 AM
To: rules
Subject: I-502 Draft Rules Comments

Dear Honorable Members of the State Liquor Control Board,

As Seattle City Council members, medical marijuana industry operators, potential stakeholders in 502, and concerned citizens we urge you to consider the following adjustments to the proposed I-502 draft rules, specifically to WAC 314-55, the draft rule definitions. Our recommendations listed below serve to clarify the language to achieve similar goals such as minimizing youth access, addressing public safety issues all while allowing safe and secure access necessary to curtail black market proliferation.

Adjustment 1 - Libraries

“Library” is currently defined under the draft rules as “an organized collection of resources made accessible to the public for reference or borrowing.”

As currently defined, the possibility that “libraries” would include specialized libraries such as law, medical, and corporate libraries needs clarification. These entities are established for the use of a limited number of adult people in a given community, with collections and services targeted specifically to the needs of their clientele. From our reading of the initiative, these types of libraries are far from the youth-specific libraries contemplated by I-502. And, as a result, they should be literally excluded from the definition of “libraries” under the initiative.

A possible solution would be to specifically exclude law, medical, and corporate libraries, and further exclude libraries where membership fees of any kind are required for services or resources rendered.

Adjustment 2 – Game Arcade

“Game arcade” is currently defined as “an entertainment venue featuring primarily video games, simulators, and/or other amusement devices.”

Commonsense would conclude that game arcades consistent with the I-502 intent of preventing youth access to recreational cannabis are establishments designed for business with a target demographic of minors.

Unfortunately, a variety of establishments consistent with the foregoing definition serve alcohol and are primarily for adult use, and either restrict or do not allow minors. The difference between these game arcade establishments is the service of alcohol.

Some are full bars that do not allow entrance to minors whatsoever. Others have food service in addition to their liquor license, and allow entrance to minors over a certain age (16 and over) for limited hours, or with adult supervision. Minors, on their own, could not make their way into these establishments without an adult. Examples of these include:

John John’s Game Room
1351 E Olive Way, Seattle, WA 98122
(206) 696-1613
<http://johnjohnsgameroom.com/>

Dorky’s Arcade
754 Pacific Ave, Tacoma, WA 98402
(253) 627-4156
<https://www.facebook.com/dorkys253>

Examples of these locations designed for minors:

Seattle Waterfront Arcade
1301 Alaskan Way, Seattle, WA 98101
(206) 903-1081
<http://seattlewaterfrontarcade.com/>

Another Castle Video Games
23303 Washington 99, Edmonds, WA 98026
(425) 967-3740
<http://anothercastlegames.com/>

A distinction in the definition is necessary to prevent the unintended inclusion of adult venues from falling into this definition.

We would propose a change to the current definition of “game arcade” that excludes entertainment venues with liquor licenses, or for entertainment venues that allow “minors without adult supervision.”

Adjustment 3 – Public Park

“Public Park” is currently defined as “an area of land for the enjoyment of the public, having facilities for rest and recreation (such as a baseball diamond or basketball court), owned and managed by a city, county, state, or federal government.”

This definition is unclear for the following reasons:

It is very hard for the intended –I-502 applicants to determine from the current definition what facilities constitute those for “rest and for recreation”. The terms ‘rest and recreation’ can have such a broad interpretation, vetting locations for I-502 operations becomes incredibly hard. We are asking for your help to clarify these terms as they are related to the goals of the program and add language as such for example as ‘recreation targeted towards youth’. Some could consider ‘recreation’ as an unapproved path or wilderness trail as an area for ‘recreation’ then a bench build at the side of the trail considered ‘rest, will only serve to confuse the matter further.

Additionally, local government definitions of “public park” are not straightforward. Some cities list their parks but often leave out parks labeled “park” by name. We have also found that the definition of a public park differs widely from county to county and city to city. A clear and concise definition from the I-502 rules committee which is focused on the goals of the program will serve to give healthy direction for all involved.

Adjustment 4– Public Transit Centers

“Public transit center” is currently defined as “sheltered waiting areas located where several bus routes converge. They serve as efficient hubs to allow bus riders from various locations to assemble at a central point to take advantage of express trips or other route-to-route transfers.”

“Public transit center” is a term people commonly interpret as meaning a “center” or “hub” of public transportation. As currently defined in the draft rules, “public transit center” could easily be interpreted by opponents to include nearly anything ranging from bus stops with more than one route stopping to overhangs of the Sound Transit Centers located in multiple cities; all of which provide route to route transfers and some form of shelter to cover from the rain common in Washington state. We strongly feel allowing bus stops to be easily included in this definition is outside of the intention of “public transit center”, and could easily close off complete street corridors, whole downtown areas or even entire cities to all I-502 operations.

Changing the word “sheltered” to “enclosed building” or removing “route-to-route transfers” (which is very common at every bus stop) from the definition would serve to narrow the definition down for less populous areas where these facilities would not exist. Enclosed buildings are more typical of actual transit centers and will serve to the intent of the goals lessen the confusion in sighting proper locations.

We hope that bringing attention to these definitions will help the LCB in creating a thoughtful and rational regulatory framework for the successful implementation of I-502. We feel that the current draft language will only serve to create a very few locations that will be in rural, industrial and confined areas. These areas can be unattractive, unsafe to the public and employees and greatly increases black market proliferation as well as helping those who would exploit the system.

Thank you for your time and consideration in this matter.

Sincerely, Peter C

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 12:10 PM
To: 'rickkennedy@hotmail.com'
Subject: FW: I-502 Feedback

Rick,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Smith, Brian E
Sent: Monday, June 10, 2013 1:19 PM
To: rules
Subject: FW: I-502 Feedback

For the record.

From: Smith, Brian E
Sent: Monday, June 10, 2013 1:07 PM
To: 'Rules@liq.wa.gov'
Cc: 'rickkennedy@hotmail.com'
Subject: FW: I-502 Feedback

For your consideration.

From: Rick Kennedy [<mailto:rickkennedy@hotmail.com>]
Sent: Monday, June 10, 2013 12:11 PM
To: Smith, Brian E; Rick Kennedy
Subject: I-502 Feedback

Greetings,

First I would like to congratulate the Board on their efforts to produce a comprehensive draft of producer, processor, and retailer regulations. We are excited about the potential for participating in what will surely be a regulated and fair commerce.

Our business plan focuses on processing/manufacturing hand made cannabis infused fine Belgium Chocolates in the form of truffles, bellino and bars. With 30 years experience in the fine chocolate business, we fully expect these items to be popular and a good revenue producer, but not necessarily a high volume item. The shelf life of these fresh chocolates is only about three weeks.

As such when we reviewed the processor transportation requirements we were concerned as to how we would be able to efficiently distribute our products. Due to the projected energy and labor costs associated with delivering relatively small amounts of our products to a good number of retailers, we will at best only be able to service a small geographical area of Washington State. Unless we can arrive at a energy efficient solution we are seriously considering abandoning this project and license application. Again we would love to work with WSLCB and enjoy revenues for years to come. We fully respect your decisions and effort to create a fully workable business model.

We look forward to seeing any response or alternate approach with respect to our apparent dilemma.

Thank you,

Rick Kennedy

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 12:37 PM
To: 'Shane Hope'
Subject: RE: Comments on Preliminary Draft Rules for I-502 Implementation

Shane,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Shane Hope [<mailto:SHope@ci.mlt.wa.us>]
Sent: Monday, June 10, 2013 3:47 PM
To: rules
Subject: Comments on Preliminary Draft Rules for I-502 Implementation

On behalf of the Community & Economic Development Department at the City of Mountlake Terrace, I am providing you very brief comments on rules for implementing I-502:

Please make sure the next draft and final rules recognize that marijuana businesses should not be located in city and county zoning districts where growing, processing, or selling of various products is not allowed by the local zoning code. For example, retail sales of any products (marijuana or otherwise) are not allowed in the City's residential zones; manufacturing activities cannot be located in the City's downtown zone.

Thanks for considering. Please let me know if any questions.

Sincerely,
Shane Hope

Shane Hope, AICP
Community & Economic Development Director
City of Mountlake Terrace
6100 219th St SW, Suite 200
Mountlake Terrace, WA 98043
425.744.6281
email: shope@ci.mlt.wa.us
website: www.cityofmlt.com

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 12:39 PM
To: 'Seattle Green Care'
Subject: RE: Delivery Services

There are no provisions for delivery for medical marijuana. The proposed rules to implement I-502 do not address medical marijuana.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Seattle Green Care [<mailto:george@seattlegreencare.com>]
Sent: Monday, June 10, 2013 3:47 PM
To: rules
Subject: Delivery Services

So far as can be seen from the Board's draft rules, no provision has been made for delivery services. There are many medical marijuana patients who are not ambulatory, or for whom it is very difficult to get out to a dispensary. What provisions will be made for delivery?

Seattle Green Care
(206) 501-4063
www.SeattleGreenCare.com



McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 12:41 PM
To: 'Loren Thayer'
Subject: RE: 502

Loren,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Loren Thayer [<mailto:lorenzoz123@msn.com>]
Sent: Monday, June 10, 2013 3:51 PM
To: rules
Subject: 502

Please keep growers small under a 100 plants. Keep them local keep them small. Thank You Loren Thayer

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 12:50 PM
To: 'Aki Prevention'
Subject: RE: Please include strong protections for youth in Marijuana Rules

Mike,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Aki Prevention [<mailto:akiprevention@gmail.com>]
Sent: Monday, June 10, 2013 4:27 PM
To: rules
Subject: Please include strong protections for youth in Marijuana Rules

Dear Washington State Liquor Control Board,

The members of the SE Seattle P.E.A.C.E. Coalition (Southeast Seattle) and the Community Advisory Coalition (West Seattle) urge you to keep public health and safety, as your top priorities when making final rules regarding marijuana legalization. While you may hear a lot from the those willing to profit from marijuana your job must be to create rules that protect our kids and neighborhoods.

We ask that you use the strongest restrictions possible to limit youth access to marijuana and let youth know that marijuana is not a safe or healthy choice for growing brains. Our recommendations include:

- 1. Ban Marijuana Advertising (or have the most restrictions legally possible)** including in magazines, newspapers, mailers, billboards, banners at entertainment and sports venues, television, and the internet to avoid pro-drug messages targeting youth.
- 2. Limit the number of marijuana stores in one area and the hours in which they can sell.** Using the geographic locations similar to Pre -1183 state liquor stores would seem to be adequate to meet demands. This system successfully met the demand for hard liquor for many years. Limit store hours to approximately 10am to 10pm. Southeast Seattle currently has 10 marijuana dispensaries! Twice as many as Starbucks and 5 times as many as McDonalds stores. Fewer retail outlets will ensure adequate enforcement and limit youth access and limit diversion to the black market.
- 3. Require Product Labeling** both for health risks similar to tobacco and for impaired driving similar to alcohol to increase public awareness of health and safety risks.

4. **Require prevention posters/messages be visibly displayed** next to the check out counter in retail stores. Require that point of sale prevention messages be posted as well as distributed to all customers.
5. **Have strict penalties for anyone who sells to youth** including civil and criminal violations. After 3 violations of selling to minors a retail operators permit should be revoked.
6. **Don't allow any edible products that may appeal to youth such as marijuana candy.** This is a serious issue that needs to be addressed with the highest level of restrictions possible. Edible products pose a particular public health risk because of their appeal to youth, ease of ingestion (youth are more likely to eat rather than smoke a product), ease of overdose, accidental poisoning by young children, and the fact that youth can easily use these products without being detected.

Sincerely,

Mike Graham -Squire

SE Seattle P.E.A.C.E. Coalition

Community Advisory Coalition

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 1:01 PM
To: 'Donnie Douglas'
Subject: RE: comments on draft rules

Donald,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Donnie Douglas [mailto:douglas.donnie@gmail.com]
Sent: Monday, June 10, 2013 4:58 PM
To: rules
Subject: comments on draft rules

Dear Honorable Members of the State Liquor Control Board,

As a medical marijuana industry operator, potential stakeholder in I-502, and concerned citizen I urge you to consider the following adjustments to the proposed I-502 draft rules, specifically to WAC 314-55, the draft rule definitions. These adjustments take into consideration the intent of I-502 and the goals of the Liquor Control Board to minimize youth access and public safety issues, while allowing the access necessary to curtail black market proliferation.

Adjustment 1 - Libraries

“Library” is currently defined under the draft rules as “an organized collection of resources made accessible to the public for reference or borrowing.”

The current definition leaves open the possibility that “libraries” would include specialized libraries such as law, medical, and corporate libraries. These entities are established for the use of a limited number of adult people in a given community, with collections and services targeted specifically to the needs of their clientele. From reading the initiative, these types of libraries are far from the youth-specific libraries contemplated by I-502. And, as a result, they should be excluded from the definition of “libraries” under the initiative.

A possible solution would be to specifically exclude law, medical, and corporate libraries, and further exclude libraries where membership fees are required for services or resources rendered.

Adjustment 2 – Game Arcade

“Game arcade” is currently defined as “an entertainment venue featuring primarily video games, simulators, and/or other amusement devices.”

Commonsense would conclude that game arcades consistent with the I-502 intent of preventing youth access to recreational cannabis are establishments designed for business with a target demographic of minors. A variety of establishments consistent with the foregoing definition serve alcohol and are primarily for adult use, and either restrict or do not allow minors. The difference between these game arcade establishments is the service of alcohol.

Some establishments are full bars that do not allow entrance to minors whatsoever. Others have food service in addition to their liquor license, and allow entrance to minors over a certain age (16 and over) for limited hours, or with adult supervision. Minors, on their own, could not make their way into these establishments without an adult. Examples of these include:

John John’s Game Room

1351 E Olive Way, Seattle, WA 98122

(206) 696-1613

<http://johnjohnsgameroom.com/>

Dorky’s Arcade

754 Pacific Ave, Tacoma, WA 98402

(253) 627-4156

<https://www.facebook.com/dorkys253>

These locations are examples of game arcades that fit I-502 intent. They do not serve alcohol, and are businesses intended for minors, where youth would congregate:

Seattle Waterfront Arcade

1301 Alaskan Way, Seattle, WA 98101
(206) 903-1081

<http://seattlewaterfrontarcade.com/>

Another Castle Video Games

23303 Washington 99, Edmonds, WA 98026

(425) 967-3740

<http://anothercastlegames.com/>

A distinction in the definition is necessary to prevent the unintended inclusion of adult venues from falling into this definition. The LCB should consider a change to the current definition of “game arcade” that excludes entertainment venues with liquor licenses, or for entertainment venues that allow “minors without adult supervision.”

Adjustment 3 – Public Park

“Public Park” is currently defined as “an area of land for the enjoyment of the public, having facilities for rest and recreation (such as a baseball diamond or basketball court), owned and managed by a city, county, state, or federal government.”

This definition leaves it unclear what constitutes facilities for “rest and recreation”, creating a problem where the determination of these would be subjectively determined by the LCB instead of clearly defined for all stakeholders. Additionally, definitions of “public parks” vary widely among local governments, and cities often list their parks but leave out areas labeled “park” by name.

Features providing for rest and recreation should be thoroughly defined, with at least a minimum number of both features for rest and for recreation. When determining this, the LCB should consider what park features are consistent with the I-502 intent of separation from minors. Examples of these features are: baseball diamond, cricket court, basketball court, football or rugby or lacrosse or soccer field, disc golf course, skateboard park, tennis courts, running track, children’s wading pool or playground equipment, beaches, swimming pool, greenspace, acre or more of wooded land, concert amphitheater, zoos, or community center.

Examples of features that do not attract youth: golf courses, boat launch, boat moorage, benches, fountains, art installations, and courtyards.

Amendment 4 – Public Transit Center

“Public transit center” is currently defined as “sheltered waiting areas located where several bus routes converge. They serve as efficient hubs to allow bus riders from various locations to assemble at a central point to take advantage of express trips or other route-to-route transfers.”

“Public transit center” is a term people commonly interpret as meaning a “center” or “hub” of public transportation. As currently defined in the draft rules, “public transit center” could be interpreted to include nearly anything ranging from bus stops with minimal overhangs to the Sound Transit Centers located in multiple cities, all of which provide route to route transfers and some form of shelter to cover from the rain common in Washington state. Allowing bus stops to be included in this definition is outside the intention of “public transit center”, and could easily close off entire street corridors, whole downtown areas, or even entire cities to all I-502 operations.

Changing the word “sheltered waiting areas” to “enclosed building” and removing “route-to-route transfers” from the definition would narrow the definition down. Enclosed buildings are more typical of actual transit centers where minors could congregate to wait inside, or where a public safety concern would exist.

I hope that bringing attention to these definitions will help the LCB in creating a thoughtful and rational regulatory framework for the successful implementation of I-502. Reducing locations to very few industrial and confined locations greatly increases black market proliferation as well as helps those who would exploit the system by frequenting the few far reached I-502 retail locations and reselling I-502 product.

Our access point (dispensary) has thousands of patient members that would likely continue to source their marijuana from our location, if we were able to convert as an I-502 retail licensee. As defined the current rules endanger us as an approvable location. If the I-502 system does not provide these patients with the access that they need, then they will continue to get their medicine outside of I-502, at locations like ours.

Sincerely,

Donald Douglas

The Source

118 S Washington St

Seattle WA 98104

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 1:37 PM
To: 'Ramona Leber'
Subject: RE: Commernts on Marijuana Draft Rules

Ramona,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

-----Original Message-----

From: Ramona Leber [<mailto:ramona.leber@cni.net>]
Sent: Monday, June 10, 2013 5:25 PM
To: rules
Subject: Commernts on Marijuana Draft Rules

First, I would like to endorse the comments of the Washington Association for Substance Abuse and Violence Prevention (WASAVP), which are the result of a broad-based, prevention system effort.

Second, I would like to offer additional input from a city planning commissioner perspective.

1) While much is unknown about what rules will be finally put into place and how they will impact cities, we know that we will be behind the ball when it comes to updating zoning codes. Those updates are generally time consuming, cumbersome processes, but we will do what we can as this rulemaking process moves forward.

2) Thank you for the limitation of one sign, but I support the total ban on advertising suggested by WASAVP. If advertising is allowed...Proposed WAC 314-55-155 Advertising is challenging in that updating a sign code is very cumbersome because signage crosses many zones. The proposed language "one sign...that is affixed or hanging in the windows or on the outside of the premises..." has been determined by local planners as vague enough that we could end up with signs on buildings, on fences, on roofs, on the top of 25' poles, etc. I suggest that this language be changed to restrict the "one sign" to be "a building or window, but not roof, mounted sign..."

Thank you.
Ramona Leber
2656 Ocean Beach Hwy.
Longview, WA 98632

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 1:38 PM
To: 'Kevin Regan'
Subject: RE: Comments on I-502 Initial Draft Rules: Outdoor Cultivation; Trademark Law

Kevin,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Kevin Regan [<mailto:kevineregans@gmail.com>]
Sent: Monday, June 10, 2013 7:13 PM
To: rules
Subject: Comments on I-502 Initial Draft Rules: Outdoor Cultivation; Trademark Law

To the Washington Liquor Control Board and Staff:

Thank you for the opportunity to comment on the I-502 Initial Draft Rules. These comments are provided in my individual capacity. I am an attorney, but these comments do not necessarily reflect the views of any of my former or current clients. I provide two comments: (1) that outdoor cultivation should be allowed, and (2) the rules should state that they do not affect state or federal trademark law.

Outdoor cultivation should be allowed.

The requirement that cannabis be grown indoors only would be unfair to those in Eastern Washington who would like to take advantage of natural sunlight. Outdoor cannabis cultivation could have tremendous economic benefits for Eastern Washington.

Although there may be security concerns associated with outdoor grows, these concerns could be mitigated by reasonable security measures such as fences and/or added security measures during harvestable periods.

Further, there are additional environmental impacts associated with indoor growing operations. These potentially include increased land development, increased chemical input, and increased chemical output. Growers in Eastern Washington may be disadvantaged by having to provide cooling for indoor facilities. This may result in increased environmental impacts associated with electrical generation. Allowing outdoor growing could help foster a sustainable cannabis industry in Washington, while facilitating economic development in Eastern Washington.

The rules should state that they do not affect trademark law

The Initial Draft Rules have some discussion of advertising, and use the term "trade name" in several parts of the rules. See, e.g., DRAFT WAC 314-55-010(2) (defining "trade name"). The rules that are ultimately drafted by the Board should state that they do not affect Washington state or federal trademark law. This may help avoid any confusion. For example, "trade name" is defined by Washington and federal statutes. RCW 19.77.010; 15 U.S.C. s. 1127. Clearly stating that the rules do not affect state or federal trademark law would help avoid any confusion or unnecessary legal challenges.

Sincerely,
Kevin E. Regan
kevineregans@gmail.com

Hypertext links to a few interesting articles about environmental impacts associated with indoor cannabis cultivation are included below:
http://blogs.lawweekly.com/informer/2011/04/marijuana_global_warming.php
<http://www.nonprofitquarterly.org/policysocial-context/22325-is-growing-pot-indoors-bad-for-the-environment.html>

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 1:42 PM
To: 'Nick Spliff'
Subject: RE: WAC 314-55 - Rule Concerns

Nicholas,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Initiative 502, which was approved by voters of the State of Washington, included the 3 month residency requirement. The board cannot change by rule what was passed into law. A legislative change is required to change the residency requirement.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Nick Spliff [<mailto:nicks@dailyspliff.com>]
Sent: Monday, June 10, 2013 7:28 PM
To: rules
Subject: WAC 314-55 - Rule Concerns

First off,
let me take this opportunity to THANK YOU for allowing the people of washington to state their concerns regarding WAC 314-55
I find this incredibly refreshing, and could not make me prouder of my state. That being said, I really only had 2 major concerns with WAC 314-55

My Concerns about WAC 314-55

WAC 314-55-020 (7)

I find the minimum requirement of 3 month Washington Residency for Licensee applicants, Inconsiderate, Insulting, and clearly formulated to benefit out-of-state rule-makers.
The people of Washington State voted on I-502, and the residents during the time of voting are the residents that should be allowed to benefit from the infancy of I-502.
During the next voting period we can lower the minimum residency requirement if the people of washington decide to do so.
Applicants should be required to have been residents for at least 2YEARS, or even 1YEAR but NOT 3Months.
The people who voted on I-502, should be the first people allowed to benefit from it's implementation. NOT People taking advantage of Washington's foresight.

WAC 314-55-070 (2)

I find the 1Year wait period before re-application is excessive, and should be reduced to 3 months.

How could it be that someone could move to Washington and apply 3 months later, but if you are denied at washington's discretion, they must be held back a year?

it feels like these time requirements should be reversed.

Washington state is doing a disservice to itself and it's entrepreneurs if they force them to wait a year to reapply.

if there is a time penalty, it should be just enough for applicants to rectify their position. 3 months should be sufficient.

Nicholas Saad
Founder, Spliff™

206.660.3988
dailyspliff.com

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 1:52 PM
To: 'Espesgard, Ryan'
Subject: RE: GTH Comment Letter

Ryan,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Espesgard, Ryan [<mailto:respegard@gth-law.com>]
Sent: Monday, June 10, 2013 7:33 PM
To: rules
Cc: Danzig, Brian; Croghan, Brith
Subject: GTH Comment Letter

We appreciate the opportunity to comment on the draft proposed rules implementing I-502.

Ryan Espesgard
Attorney at Law



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GORDON THOMAS HONEYWELL

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June 10, 2013

Rules Coordinator
Washington State Liquor Control Board
P.O. Box 43080
Olympia, WA 98504-3080

RE: Comments on Draft Rules Implementing I-502

Dear WSLCB Members:

We appreciate the opportunity to comment on the initial draft rules to implement I-502. There are a number of the rules that we believe could benefit from further revisions.

FINANCING CONSIDERATIONS (WAC 314-55-010(5); WAC 314-55-020(7); WAC 314-55-035(1))

The Board's goal of insuring that those with control over businesses operating within Washington's commercial cannabis industry are residents is understandable. However, the rules concerning financial investment in such businesses are unnecessarily burdensome. The rules as drafted create barriers to capitalization of new commercial cannabis businesses, which creates a risk that otherwise legitimate cannabis businesses may resort to a black market.

Proposed Rules Prohibit Equity Ownership By Financiers.

Although Financiers are subject to financial investigations and criminal background checks (WAC 314-55-020(3(b), WAC 314-55-035(3)), a Financier is not a "true party in interest" for purposes of licensing (WAC 314-55-035(1)). Therefore, a non-resident Financier could capitalize a legal marijuana business with a gift or a loan, but such non-resident Financier may not own equity in the business unless such Financier is a Washington resident. Nonetheless, equity ownership as part of an investment is the standard by which most financing will occur.

Reply to:

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Seattle, WA 98101

(206) 676-7500

(206) 676-7575 (fax)

Tacoma Office

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Tacoma, WA 98402

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(253) 620-6565 (fax)

Collateral Security For Loans Is Not Practicable For Financiers.

If a Financier obtains a collateral security interest in the assets of a borrower/licensee, the Financier would be barred from recovering on the assets (at least to the extent such assets include any marijuana products) unless the Financier is a licensee. Without collateral for a loan or an equity position in the company (which would make the Financier a true party of interest under WAC 314-55-035(1) – please see discussion, below), it is very likely that financing for the legal marijuana businesses will flow only to those legal marijuana businesses that can provide strong guarantees of repayment. As “start-up” businesses, most legal marijuana businesses will not be able to provide strong guarantees of repayment and, therefore, will be shut out of the opportunity. As a consequence, investment will be concentrated in a too-small number of businesses and those businesses that cannot get financing may be driven to the black market economy.

Passive Financiers Must Risk Licensee Liability.

If a Financier obtains an equity interest in a legal marijuana business, the Financier would be a true party of interest under WAC 314-55-035(1). Not only would this require residency (WAC 314-55-020(7)), it would expose the passive investor to “licensee liability” under the statutes.

We recommend allowing Financiers to own equity interests in entities that are licensees, without also requiring such Financiers to be Washington residents or licensees. Under the draft rules, out of state Financiers are permitted to have a financial interest in a marijuana licensee. The rules could be drafted so that such Financiers would not be allowed to have “control” over the licensee’s day-to-day business (see WAC 314-55-035(4)) and would only be allowed to vote on significant matters affecting the entity’s governance (i.e., matters that are typically left to the shareholders to decide), yet enable licensees to obtain investment with greater ease.

OPERATING PLAN REQUIREMENT (WAC 314-55-020)

WAC 314-55-020 requires the submission of an operating plan as part of the application process. The plan must include a floor plan or site plan “drawn to scale.” However, it is at best difficult to create a scale drawing of a proposed floor plan for the real property premises in which the legal marijuana business is supposed to operate unless the applicant has purchased or at least acquired a right of occupancy (a lease) in the real property or leased premises. In other words, strictly construed this provision requires an applicant for a marijuana license to buy or lease property as a condition of applying for a license to operate a legal marijuana business. Otherwise, it is possible, or indeed likely, that the floor plan included in the operating plan would be entirely contingent on acquiring such real property

or lease of a premises in which to operate the business. Such a contingency would make the requirement functionally meaningless.

Businesses do not purchase or execute leases for business operations without a high level of certainty that the business will qualify for a license to operate. The Board should require certain aspects of the business plan, such as a detailed floor plan or site plan drawn to scale, only as a condition of final issuance of a license.

MARIJUANA LICENSEES AND NON-PARTICIPANT SPOUSES.

A spouse of any person who owns an equity interest in an entity that is in the legal marijuana business is a true party of interest under WAC 314-55-035. Therefore, the spouse is also the named licensee. This requirement is burdensome and unnecessary because the harm sought to be avoided can be addressed otherwise.

WAC 314-55-035 could be construed to infer a community property interest where none is intended. Non-owner spouses of owners of equity interests in an entity are nonetheless co-licensees, which puts the spouse at risk of licensee liability for the acts of the entity, and puts the entity at risk for the acts of the non-owner spouse. Also, WAC 314-55-120 requires the licensee to report certain changes in ownership of the entity. In even a modest size and diverse ownership entity, compliance with WAC 314-55-120 could be burdensome upon death, divorce, separation or bankruptcy of spouses. A non-participating spouse should not be a true party of interest and should not be named on the license. The Board should treat such non-participant spouses much the same as it does "Financiers" (see WAC 314-55-035(3)) and persons who do not exercise control (see WAC 314-55-035(4)). Such treatment would avoid the identified burdens and achieve the Board's goal of being able to properly investigate the finances and background of the non-owner spouse.

RULES FOR APPLYING FOR A RETAILER LICENSE (WAC 314-55-081)

The subject WAC section creates a system under which one must be invited to demonstrate eligibility to apply for a retailer license, receive an eligibility notice from the Board, and then submit the entire application (see WAC 314-55-081(6)). All of the foregoing must occur within thirty (30) days after the section becomes effective (WAC 314-55-081(2)).

Under the subject WAC section, an "interested party" must be invited by the Board to submit "a request to apply" (see WAC 314-55-081(1)). The provisions do not state how one notifies the Board that one is an "interested party," what are the criteria, or what is the timing. WAC 314-55-081(4) infers that one must meet eligibility requirements in order to be permitted to apply for the license. However, here too the WAC is vague about what are the eligibility requirements one must meet to be permitted to apply for a retail license.

The system of applying for a retail license should be streamlined and match the requirements for other licensees. All "sorting" activities between eligible and ineligible applicants should occur in the ordinary course of processing these licenses.

MEASUREMENT OF DISTANCE RESTRICTIONS (WAC 314-55-050(1.1))

There is no question that the 1,000 foot rule included in I-502, codified as RCW 69.50.331(8), is severely restrictive. In fact, by also applying to child care centers and public transit centers, it is more restrictive than the 1,000 foot rule applying to penalty enhancements under 21 U.S.C. § 860, which has been utilized by the federal government as justification for taking action against medical marijuana dispensaries. While it is important that the draft rules satisfy federal government concerns, we believe that the straight line method of measurement is unnecessarily restrictive.

We urge the Board to adopt a method of measurement consistent with the Board's current method of measurement regarding liquor licenses. The measurement applicable to marijuana related facilities should mirror RCW 66.24.010(9), where distance is measured by "the most direct route over or across established public walks, streets, or other public passageway from the main entrance of the school to the nearest public entrance of the premises proposed for license." This revision would allow the Board to satisfy federal concerns without resorting to unnecessarily restrictive interpretations where two locations may be less than 1,000 feet apart as the crow flies, but are separated by a body of water, highway, or other obstacle that effectively separates the locations by a much greater travel distance.

INDOOR GROW OPERATIONS AND HAZARDOUS SUBSTANCES (WAC 314-55-075, WAC 314-55-087(1)(f))

We believe the Board's requirement for fully enclosed indoor or rigid wall greenhouse grow operations is appropriate and sound. We note, however, that the use of fertilizers, pesticides, herbicides and other compounds and products applied to marijuana plants could create issues under laws governing the use and release of hazardous materials into the ground or in stormwater drainage facilities. We encourage the Board to expressly reconcile its permissive use of fertilizers, pesticides, herbicides and other compounds and products applied to marijuana plants with existing Washington state law concerning the use of such products for indoor crop cultivation.

COMMERCIAL GENERAL LIABILITY INSURANCE (WAC 314-55-082).

We are concerned whether an insurer may attempt to deny coverage to a legal marijuana business licensee under an exclusion in an insurance policy for "illegal" activities. In such case, it is reasonable to predict that coverage may be denied after a liability event has

occurred, and that litigation will result. The Board should consider requiring the licensee to disclose in writing to the insurer, the fact that the business of the insured is operating under Washington's Uniform Controlled Substances Act (RCW 69.50, et seq.).

QUARANTINE EXCEPTION FOR PERISHABLE INFUSED PRODUCTS (WAC 314-55-083(3)(e))

The Board should reconsider the seventy-two hour quarantine period as applied to infused products with a short shelf life. *See* WAC 314-55-083 (3)(e). Many processors may intend to develop infused baked goods. A seventy-two hour quarantine effectively prohibits the sale of any fresh baked products and unnecessarily restricts the window of time when a retailer may sell such a product before it must be removed from the shelf and destroyed. We urge the Board to reconsider the quarantine as applied to any product with a short shelf life.

REVISIONS TO EASE THE CREATION OF EFFECTIVE DISTRIBUTION MODELS (Various WAC Sections – See Below)

The secure transportation requirements as currently written will be a severe impediment to the operation of licensed businesses. For example, under the draft rules, it appears that a producer and processors would likely be expected to personally deliver their own products to retail locations, or in the alternative, the retailers would be expected to personally pick up products from all of their suppliers. As can certainly be anticipated, the success of any small business would be hindered if it had to routinely drive throughout the entire state making small deliveries in order to sell its product. The hindrance will be reflected in unnecessary increases in the final retail price. Allowing for the development of licensed distributors would resolve this market need while allowing the Board to maintain tight control. In order to accomplish this, a few minor revisions to the draft rules are necessary.

Processors As Distributors

WAC 314-55-077 (1) should be revised to state: "A marijuana processor license allows the licensee to process, package, and label useable marijuana and marijuana-infused products for sale at wholesale to marijuana retailers and other marijuana processors."

WAC 314-55-080 (1) should be revised to state: "A marijuana producer/processor license allows the licensee to . . . label useable marijuana and marijuana-infused products for sale at wholesale to marijuana retailers and marijuana processors."

WAC 314-55-089 (3) should be revised to state: "On a monthly basis, marijuana processors must maintain records and report purchases from licensed marijuana producers, processors, and producer/processors, production of marijuana-infused products, sales by

product type to ~~marijuana~~ retailers, and lost and/or destroyed product in a manner prescribed by the board."

WAC 314-55-089 (4)(a) should be revised to state: "A marijuana producer/processor's licensee must pay to the board a marijuana excise tax of twenty-five percent of the selling price on each wholesale sale to another processor (sales from producer to processor), and twenty-five percent of the selling price on each wholesale sale to a retailer (sales from processor to retailer). However, a producer/processor licensee does not need to pay an excise tax on the wholesale of fully processed, packaged, and labeled useable marijuana and marijuana-infused products sold to a processor licensee."

These changes would allow efficiencies in the chain of distribution to develop. A small business operating as a developer of infused products would not be obligated to personally transport its product to each and every retail location. Instead, the small business could efficiently sell its product to a small number of processor licensees that are better able to physically transport the product to numerous retail locations. Additionally, this modification of the rules could be made without impacting tax revenue. The suggested revisions maintain the 25% tax between producers and processors, and between processors and retail locations.

Transportation Services

WAC 314-55-085 (5)(a) should be revised to state: "Only the a marijuana licensee or an employee of the a licensee may transport product." This will allow a licensee to relieve the burden of secure transportation from other licensees.

MARIJUANA WASTE DISPOSAL (WAC 314-55-097) AND UNINTENDED CONSEQUENCES

It is not uncommon for a party that acquires real estate upon a foreclosure or for a landlord who evicts a tenant to find that the prior occupants have left behind substantial and significant amounts and types of personal property. The law of commercial real property is neither precise nor clear about the obligations of the foreclosure sale purchaser or the landlord in such circumstances. These issues are exacerbated where, as here, the property left behind is highly regulated.

This area raises more questions than it does answers. Can the foreclosure sale purchaser or the landlord (the "re-possessor") take possession of marijuana and marijuana products? Cultivate a crop to harvest or complete processing of marijuana infused products, sell and transport the marijuana, all in an effort to maximize the value of the marijuana and, in so doing, mitigate the re-possessor's damages? Can the re-possessor destroy the marijuana and marijuana products?

There are myriad issues to contend with when a licensed marijuana producer, processor or retailer is operating its business in real property that is mortgaged or leased. The Board should provide guidance to re-possessors and other non-licensed parties that do business with licensees.

MINOR CORRECTIONS

WAC 314-55-015 (10) should be revised to state: "Facilities licensed as a marijuana processor ~~and or~~ retailer ..."

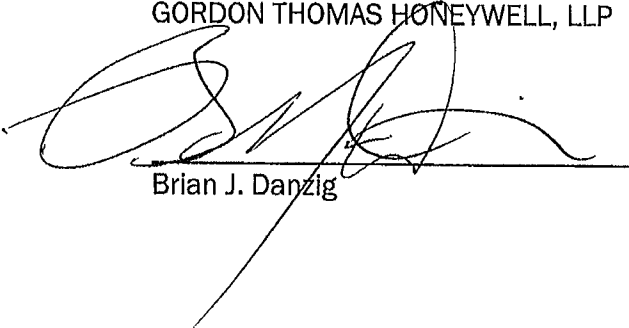
WAC 314-55-082 (1) should be revised to state: "Marijuana licensees shall ~~provide~~ obtain insurance coverage as set out in this section."

WAC 314-55-089 (3)(a) should be revised to state: "A marijuana processor licensee must pay to the board ..."

Thank you for your full consideration of our comments.

Very truly yours,

GORDON THOMAS HONEYWELL, LLP



Brian J. Danzig



Ryan C. Espegard

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 1:36 PM
To: 'Bonnie Fong'
Subject: RE: CCSE Comments

Bonnie,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Bonnie Fong [<mailto:bonnfong@gmail.com>]
Sent: Monday, June 10, 2013 5:14 PM
To: rules
Cc: Simmons, Randy L
Subject: CCSE Comments

Dear Randy and all at LCB,
This is the Coalition of Cannabis Standard and Ethics' (CCSE) comments on the 502 Initial Draft Rules.

I will be contacting your office soon to set up an appointment to discuss the draft rules in person.

Please let me know if you have any questions or concerns regarding our comments.

Talk to you soon.

Sincerely,
Bonnie Fong
(206)718-7316



From:
The Coalition for Cannabis Standards and Ethics
9619 16th Avenue SW.
Seattle, WA 98106
ccsewa@gmail.com

To:
Rules Coordinator
Liquor Control Board
P.O. Box 43080
Olympia, WA 98504-3080
rules@liq.wa.gov

Dear LCB Rules Coordinator,

For your consideration, our organization has created a summary of the feedback collected from our general membership, which represents a number of the stakeholders in the current medical cannabis industry, many of which have interest in becoming stakeholders in the recreation marijuana market. They are listed in order for ease of reference. However, please consider most common and significant concerns were the proposed lottery system for the retailers licenses and the inability to retail marijuana extracts in stores.

WAC 314-55-010 Definitions.

- (3) "Child care center" is vague and ambiguous.
- (7) "Library" is overly broad.
- (11) "Playground" is overly broad.
- (10) "property line" is too broad of a measurement tool.
- (12) "Public Park" is overly broad.
- (13) "Public transit center" is overly broad.
- (14) "Recreational Center" is overly broad.

WAC 314-55-015

- (7) Clarify "within another business." Will you allow marijuana businesses in strip malls?

WAC 314-55-079 What is a marijuana retailer license and what are the fees related to a marijuana retailers license?

Specifically concerning marijuana extracts;

(2) Banning extracts from stores will create a niche for the black market. Currently, there is a high consumer demand for marijuana extracts and concentrates. Many consumers prefer the use of extracts and concentrates as a more healthy method of consuming marijuana because it reduces the exposure to corrosive toxins. In addition to boosting the black market, banning retail access to these products will encourage consumers to resort to producing the product themselves, which can be a dangerous process. This presents a serious public safety issue.

WAC 314-55-081 Lottery for retail licenses:

(2) The CCSE is concerned with the lottery system. We believe an alternative point based system would better ensure the success of the overall program. The foundation of the system is better built upon the best of the best—Not a random pick of those who meet minimum standards.

This system, as drafted, is inefficient due to the proposed time frames and chronological organization of events. In the least, potential applicants should be vetted and pre-qualified prior to being entered into the lottery drawing to avoid the need for repeated drawings merely to meet the number of qualified applicants necessary.

Clarification is needed regarding how the number of licenses granted per county will be divided among the geographic areas within each county.

WAC 314-55-085 What are the transportation requirements for a marijuana licensee?

(5a) Add subcontractors. The system, as drafted, limits the ability of a Licensee to hire a third party distribution company to provide the transport of the product. Hiring a specialized company or contractor may be necessary for some Licensees due to the sensitive nature of the commodity.

WAC 314-55-095 Marijuana servings and transaction limitations

(2) The proposed dosage per container limit is very low compared to the dosage per container consumers are currently accustomed to. This may ultimately drive the prices to a margin that will not support production of the products within the system.

This proposed dosage per container limit hinders processors; many of the infused products currently on the market would become impossible to package and price due to the ratio/concentration or size of packaging needed, i.e. tinctures.

WAC 314-55-105 Packaging and labeling requirements

(2) What standard of toxic and deleterious substances is going to be used?

(4) Is the WSDA prepared to certify the cannabis?

(6) How will this be governed if the applicable testing is not required on the final product? Will this be enforced simply by the honor system?

(9)(a) Requiring a UBI for labels may put the safety of Licensees and their families at stake.

WAC 314-55-505

(1) Clarify "enforcement officer". Does this mean a Policeman? Or a LCB enforcement agent? A citizen/customer?

WAC 314-55-570 Process if the board denies a marijuana license application

(2) The time limit that must lapse before reapplying is currently 1 year; this needs to be reduced.

Clarification is needed regarding some of the components of the proposed system. We realize this is merely a draft and that details may be added before the system is finalized. However, many of the sections of the draft lacked the adequate detail needed to give feedback. These details may potentially impact other sections and/or the entire system.

It is important that the potential stakeholders of this system have the opportunity to give relevant feedback as it is these very details that will impact the system on the ground level as well as the stakeholders and people responsible for the ground level function and success of the system.

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 2:34 PM
To: 'Ray Horodowicz'
Subject: RE: comments: initial draft rules for I-502 implementation

Ray,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Ray Horodowicz [<mailto:rayhsbox@yahoo.com>]
Sent: Monday, June 10, 2013 10:12 PM
To: rules
Subject: comments: initial draft rules for I-502 implementation

Rules Coordinator-

Attached file contains a cover letter and input on the initial draft rules for I-502 implementation.

Respectfully submitted,
-Ray Horodowicz
RayHsBox@yahoo.com

Page(s)	Comment Type	Description
1 & 2	Clarify wording	Limit exposure or access by minors. Ensure there are no loopholes for the definition of “elementary school” and “secondary school”. Expand or reword to ensure places such as charter schools, private schools, and ‘academies’ are included.
1	Clarify wording	Limit exposure or access by minors. Ensure there are no loopholes for the definition of “game arcade”. Reword to include locations such as: child-oriented restaurants that serve pizza and have games/activities (ie: Chuck E. Cheese’s), mini-golf location, laser tag.
2	Clarify wording	Ensure black market or other illegal entities do not benefit. Unclear what <i>“The board will not approve any marijuana license for a location where law enforcement access, without notice or cause, is limited.”</i> means.
3	Strengthen wording	Limit exposure or access by minors. Limit the number of stores in a given area. Prevention science and public health have determined that “outlet density” for tobacco and alcohol is linked to underage usage and public safety concerns. To determine the number of stores in a given area, be guided by the methods used to determine placement and number of state-run liquor stores prior to liquor privatization.
10	Retain wording	Ensure black market or other illegal entities do not benefit. Keep the wording to the effect of: <i>“The source of funds identified by the applicant to be used for the acquisition, startup and operation of the business is questionable, unverifiable, or determined by the board to be gained in a manner which is in violation by law.”</i>
10	Retain wording	Limit exposure or access by minors. Keep the use of “perimeters”. Do not weaken this draft rule by using descriptions such as “primary entry point” or “entrance”.
13	Clarify expectations	What is the “minimal amounts” of Commercial General Liability that is required? Should a minimal amount be established by the board and re-evaluated every two years?
14	Clarify wording	Ensure black market or other illegal entities do not benefit. Identification Badges – for additional security, those identification badges should be Photo IDs.
14	Strengthen wording	Ensure black market or other illegal entities do not benefit. Increase time surveillance recording must be kept. Increase from minimum of 45 days to minimum of 90 days. Change “ recording device ” to include digital storage devices.

June 10, 2013

Washington State Liquor Control Board
P.O. Box 43080
Olympia, WA 98504

Dear Members of the Board,

As a parent and citizen of Washington who is concerned about public safety and the consequences of marijuana use, I have compiled this document which contains comments on the initial draft rules regarding the implementation of Initiative 502 (I-502).

I am very concerned about underage use of marijuana. My comments are guided by what prevention science and public health has shown to have a direct link to increased usage of drugs by youth.

While the document is not organized by category, most of my comments address one of the following:

- Limiting exposure or access by minors
- Ensure black market or other illegal entities do not benefit

In addition, I note when the intent of the initial draft rules was not clear.

Comments are listed in order they arise within the initial draft rules. I have cross-referenced my comments with the page number.

As the board continues its work on implementing I-502, please take learnings from experiences with tobacco and alcohol and findings from prevention and public health research. With these learnings and findings, I hope you can establish clear rules and guidelines that address all of your concerns: out-of-state diversion, traceability of product, responsible business practices, youth access, and public/consumer safety issues.

Thank you for this opportunity to provide comment.

Respectfully submitted,

Ray Horodowicz
RayHsBox@yahoo.com

Page(s)	Comment Type	Description
17	Add wording	<p>Ensure black market or other illegal entities do not benefit.</p> <p>Reporting of theft.</p> <p>Require marijuana licensees to track and report to LCB enforcement and local law enforcement any theft of product. This could be integrated into the “seed to sale” tracking measures. Reporting should be monthly.</p>
19 & 27	Clarify wording	<p>Use of “single serving” is troublesome.</p> <p>“Serving size” is not appropriate, since the impact of marijuana on an individual can be so variable. Keep potency profile information.</p>
20 & 21	Clarify wording	<p>Do recycling services available to businesses differ across the state? If so, clarify the wording/use of “plastic waste” to indicate that not all plastics can be considered “recycled solid waste”. (Similar edit/clarification for other items listed.)</p>
24-29	Revise or add wording	<p>Limit exposure or access by minors.</p> <p>Labeling</p> <ul style="list-style-type: none"> • Include the phone number and web-site for the Washington Recovery Helpline on all labels (or other helpline sanctioned by the state agency that oversees substance abuse treatment). • Use of “Washington Icon” is troublesome. The logo normalizes marijuana use. Replace the single logo of state and marijuana leaf with two separate logos; or, replace with name of LCB.
29	Revise wording	<p>Reduce likelihood of excessive consumption and underage use.</p> <p>By using a standardized set of operating hours, such as from 9am to 10pm, there will be less excessive consumption and underage use. This is supported by prevention and public health research.</p>
30	Strengthen wording	<p>Limit exposure or access by minors.</p> <p>Prevent packaging that appeals to youth.</p> <p>Reword to ensure that the use of cartoon-type characters, mascots, and animals that are designed to appeal to youth are not used. This should include both marijuana and marijuana infused products. Sample language: <i>“Packaging should not bear a reasonable resemblance to other candy or youth-oriented product.”</i></p>
38 & 39	Strengthen penalties	<p>Because Group 1 violations are considered the most serious, then:</p> <ul style="list-style-type: none"> • Have fines increase for 2nd and 3rd violations. • List “cancellation of license” for all violation types. (Currently, 3 of the violations on page 38 do not have this listed as a consequence for repeated violations.)

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 2:35 PM
To: 'michael transue'
Subject: RE: MJ Freeway Comments on Proposed I-502 Draft Rules

Michael,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: michael transue [<mailto:cmjtransue@transue.onmicrosoft.com>]
Sent: Monday, June 10, 2013 10:25 PM
To: rules
Cc: Transue, Michael; 'Amy Poinsett'; Jessica Billingsley
Subject: MJ Freeway Comments on Proposed I-502 Draft Rules

Hello Ingrid/Karen

Attached are MJ Freeway's comments to the proposed I-502 implementation draft rules. Please contact me should you have any further questions. We look forward to working with you.

Michael

Michael Transue, Attorney and Counselor at Law
State and Local Governmental Affairs, Consulting & Lobbying Services
5420 North Commercial Street
Ruston, WA 98407-3114
253 223 2508 P
253 756 1025 F

C. Michael J. Transue

Attorney and Counselor at Law

State and Local Governmental Affairs, Consulting and Lobbying Services

5420 North Commercial Street

Ruston, Washington 98407

Phone: 253-223-2508

Facsimile: 253-756-1025

email: cmjtransue@comcast.net

VIA EMAIL

June 10, 2013

Honorable Sharon Foster, Chair
Honorable Ruthann Kurose, Board Member
Honorable Chris Marr, Board Member
3000 Pacific Avenue SE
Olympia, WA 98501

Subject: Initiative 502 Initial Draft Rules

Dear Honorable Members of the Liquor Control Board:

On behalf of MJ Freeway LLC, I would like to thank the Washington State Liquor Control Board for the opportunity to provide comments about the proposed rules to implement I-502.

MJ Freeway provides a business software platform to medical marijuana enterprises – both non-profit and for-profit - in 12 states, the District of Columbia, and Canada. MJ Freeway has developed its tracking and reporting systems specifically for the medical marijuana industry with one paramount goal in mind: to provide accurate, real-time data to medical marijuana cultivators, medically infused products producers, and dispensaries, accounting for every gram of product in every phase of production – ensuring both internal

and external accountability, including the ability to interface with state run reporting systems and to allow regulatory access to such data in real time.

Based on our experience in multiple states, each with different regulatory structures, with various sized and types of customers, and with different societal needs, we would like to provide the following comments.

The draft rules reflect a comprehensive and detailed approach for which the LCB should be commended. This springs from the skill of the internal team the Board created, the scope of the research undertaken, and the open/accessible “listening” sessions the Board held. In reviewing the proposed rules we have a number of suggestions for the Board’s consideration, with a view toward making the final rules more comprehensive in the area of tracking, recording, and reporting. These suggestions come from our experience in other states, our knowledge of state-of-the-art information system functionality, and our above all goal of ensuring that the ability of the Board to fulfill its responsibilities for oversight and regulation of marijuana is functional.

The ability of the Board to regulate licensees is linked directly to how comprehensive the data collection systems are for tracking and reporting by the licensees, including the ability of the Board to access each licensee’s information system in real-time, and the functionality of the Board’s own information systems to receive information from licensees and to analyze such information.

First, the proposed definition of “lot” needs further consideration – especially because the proposed rules also use the word “batch” in several instances. See e.g. WAC 314-55-083(4). Once a single term has been agreed to, in proposed section 314-55-010(9), the definition should be amended to include the following language “...of a single strain harvested from the same location on the same day”. Including this language will provide, in our view, the specificity needed for proper tracing and labeling. We would recommend use of the word “batch” rather than “lot” because that seems to be the more used standard around the country.

Second, regarding proposed section 314-55-083(4), we would offer the following proposed amendments as shown underscored below in the indented language. As with our first comment above, we also would note that the “batch” versus “lot” definitional issue needs to be addressed in this section. In addition, we recommend that these rules and the state’s system be specified as an “electronic, real-time, secure logon” system that allows for the integration with other systems via an application program interface (API) with and that allows for multiple point of sale (POS) as well as the option for manual entry by licensees into the State’s system.

- (4) Traceability: To prevent diversion and to promote public safety, marijuana licensees must track marijuana from seed to sale. Licensees must provide the required information on a real-time, secure logon, electronic system as

specified by the board. All costs related to the reporting requirements are borne by the licensee. Plants, lots of useable marijuana or trim, leaves, and other plant matter must be traceable from production through processing, and finally into the retail environment including being able to identify the batches of products such as extracts or infused products from the base marijuana. The following information is required for each batch:

- a) Key notification of “events”, such as when a plant enters the system (moved from the clone to the vegetation production area at a young age);
- b) When plants are to be harvested;
- c) When plants are destroyed; and
- d) When useable marijuana or other marijuana products are transported.

Third, regarding proposed section 314-55-087(1), the “lot” versus “batch” question needs to be clarified in subsection (g). In addition, we would recommend that language be added to subsection (g) that requires lab test results be printed on any label and that the lab test results not be editable by the licensee.

Fourth, regarding proposed section 314-55-087(2), a POS system should be required and not be optional as indicated.

Fifth, we recommend proposed section 314-55-097(5) be amended to clarify that all processed remaining sample material be associated with a batch. In addition, we recommend that proposed section 314-55-097(5) be amended to clarify that the transportation requirements in proposed section 314-55-085 are applicable to transportation as between licensees and third party testing laboratories.

Sixth, we suggest that the rules itemize the specific information that must be “affixed” to the individual package label (which the proposed rules do) and that the rules allow for separate information that can be given to the consumer as an “insert”. This is a viable and manageable approach given the amount and detail being required, including test results. An “insert” method, such as that used for most prescription medications now and which the public is accustomed to see, allows for more information to get to the consumer and for that information to be presented in a user friendly way. To accomplish this, the final rules should affirmatively allow additional information to be given to the consumer at point of purchase. Finally, the label the consumer sees should include information listing any nutrients or other ingredients applied to the plant. Such a requirement should be added. Consumers should know exactly what was used in the cultivation and production of the marijuana they purchase. Specifically, regarding proposed section 314-55-105 (package labeling requirements), we recommend the following.

- Subsections (9) and (11) require that labels be “affixed” to the container or package containing usable marijuana and marijuana-infused products respectfully. Due to the amount of information on such labels, we would recommend that “inserts” be allowed in order to include all the required information in a readable manner.
- In subsection (5), we recommend clarifying the “batch” versus “lot” issue as noted above.

Thank you again for the opportunity to comment on the proposed rules. We look forward to working with you further. The Board and its staff have demonstrated an admirable level of commitment in developing fundamental rules to implement the law, and to do so comprehensively and quickly. As MJ Freeway has experienced in other jurisdictions, regulatory systems and tracking/reporting systems will ultimately be improved by experience over time – seeing what works and what does not work.

Respectfully,

Michael Transue

c: Amy Poinsett, MJ Freeway LLC, CEO
Jessica Billingsley, MJ Freeway LLC, COO

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 12:57 PM
To: 'Colin A. Olivers'
Subject: RE: City of Everett Comments re: Draft WAC 314-55

Colin,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Colin A. Olivers [<mailto:COLivers@everettwa.gov>]
Sent: Monday, June 10, 2013 4:56 PM
To: rules
Subject: City of Everett Comments re: Draft WAC 314-55

Please find the City of Everett's comments to the Washington State Liquor Control Board's Draft WAC 314-55 attached.
Thank you,

Colin A. Olivers
Assistant City Attorney
City of Everett
2930 Wetmore Ave, Suite 10-C
Everett, WA 98201
(425) 257-7012



**CITY ATTORNEY'S
OFFICE**

June 10, 2013

Via E-Mail to rules@liq.wa.gov

Rules Coordinator
Liquor Control Board
P.O. Box 43080
Olympia, WA 98504-3080

RE: *Draft WAC 314-55
Marijuana Licenses, Application Process, Requirements, and Reporting*

Dear Rules Coordinator:

The City of Everett submits the following comments regarding the Washington State Liquor Control Board's (WSLCB) draft rules implementing I-502.

The WSLCB's rules should recognize, anticipate, and integrate local ordinances.

State law, I-502, and the WSLCB's draft rules do not preempt a local government's authority to enact local ordinances. The WSLCB's rules should address local government authority in three ways:

1. To forestall arguments that local government authority is preempted, WAC 314-55-005 should provide that: "Nothing in these rules shall be interpreted to preempt a local government's authority to enact and enforce local ordinances including but not limited to zoning, building codes, fire codes, health and safety requirements, and business taxes that are in addition to or more restrictive than those required by these rules."
2. The WSLCB's rules should require that an applicant demonstrate compliance with local ordinances prior to issuance or renewal of a license. The WSLCB should not issue a license to an applicant that will otherwise be prohibited from operating because its location does not comply with local zoning or is located in an unsafe building.
3. The WSLCB's rules should clarify that a WSLCB license is not full compliance with the law and that licensees are required to comply with local ordinances. WAC 314-55-015 should provide that: "Marijuana licensees must comply with all ordinances of the jurisdiction in which they are located including but not limited to zoning, building codes, fire codes, health and safety requirements, and business taxes and no license shall be issued or renewed when the applicant or licensee is not in compliance."

The WSLCB's rules should clarify the local government objection process.

To track state law and I-502, the WSLCB's rules should adopt a tiered approach to objections by local governments. WAC 314-55-160 and WAC 314-55-160 should provide that:

- If a local government objects to an application on the basis that it does not comply with local zoning, building code, fire code, health and safety ordinances, business tax ordinances, or the required 1,000 foot setbacks of RCW 69.50.331(8) the WSLCB must deny the application.
- If a local government objects to an application on the basis of chronic illegal activity under RCW 69.50.331(9), the WSLCB should give substantial weight to the local government's objection.
- If a local government objects to an application on another basis, the WSLCB should give due consideration to the local government's objection.

The WSLCB should revise rules related to objections from the public.

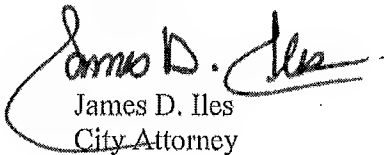
WAC 314-55-165(1)(f) currently provides that "Objections from the public will be referred to the appropriate [local government] for action under subsection (2) of this section." Subsection (2) does not specify what action is to be taken by the local government. The WSLCB should clarify that objections from the public based upon local ordinances should be referred to the appropriate local government but that objections from the public based upon WSLCB rules should be addressed by the WSLCB.

The WSLCB should require separation between marijuana licensees.

To avoid a high concentration of marijuana licensees in a particular area, and disparate impacts, the WSLCB should require that marijuana licensees be separated by one thousand feet. WAC 314-55-050(11) should be revised to include other marijuana licensees in addition to the sensitive uses identified in RCW 69.50.331(8).

Thank you for the opportunity to comment on the WSLCB's draft rules and for your consideration of the City of Everett's comments.

Sincerely,



James D. Iles
City Attorney

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 12:55 PM
To: 'Nick Harper'
Subject: RE: Comments and Proposed Revisions, Draft Rules Implementing Initiative 502

Nick,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Nick Harper [<mailto:nick.harper@adamslawyers.com>]
Sent: Monday, June 10, 2013 4:53 PM
To: rules
Subject: Comments and Proposed Revisions, Draft Rules Implementing Initiative 502

To whom it may concern:

On behalf of Jamen Shively, CEO at Diego Pellicer, Inc., please find attached a cover letter, along with comments and proposed revisions to the Washington State Liquor Control Board Draft Rules implementing I-502. Thank you for the opportunity to participate in commenting on this initial draft.

Best regards,
Nick

Nick R. Harper
Attorney

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CIRCULAR 230 DISCLAIMER: Pursuant to recently-enacted U.S. Treasury Department Regulations, we are now required to advise you that, unless otherwise expressly indicated, any federal tax advice contained in this communication, including attachments and enclosures, is not intended or written to be used, and may not be used, for the purpose of (i) avoiding tax-related penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any tax-related matters addressed herein.

SENT VIA EMAIL: rules@liq.wa.gov

Rules Coordinator
Liquor Control Board
P.O. Box 43080
Olympia, WA 98504-3080

RE: Initiative 502 Draft Rules

Dear Liquor Control Board,

Thank you for this opportunity to review the Initiative 502 Draft Rules and to provide you with my comments and questions. The Liquor Control Board has a unique opportunity to create a market place that will be watched by people around the country and judged based on clarity and the market impact of the rules. As you consider the draft rules and the citizen comments, I urge you to consider how each rule will shape the market place and impact the following:

1. **Employment Opportunities and Jobs.** Implementation of these rules will have an impact on the investments made by private citizens and out of state investors to create jobs and a professional market place. The state will benefit by allowing business professionals from around the country to invest and shape the market.
2. **Washington State Revenue.** Washington State is in a great position to generate substantial revenue from this new industry and to end the secondary untaxed market that currently exists. In order for this new market to thrive clarity and uniform implementation will be very important. Ambiguities and uncertainty will allow the secondary market to coexist.
3. **Secondary Market Impacts.** By creating a well regulated but clearly defined market place and industry, the secondary market will be significantly impacted. However, if we attempt to over regulate this industry and fail to provide the clarity needed for investments, the secondary market will survive. The Liquor Control Board must balance regulation with creating an industry that encourages investment and business leaders from around the country to participate.

The attached outline includes my comments to the individual rules being considered by the Liquor Control board. Thank you for your hard work and this opportunity to be part of the process.

Sincerely,

Jamen Shively
CEO and Co-Founder
Diego Pellicer, Inc.

Revisions/Comments on Proposed WACs

WAC 314-55-010

Definition of Child care center is vague and ambiguous.

PROPOSED REVISION – “Child care center” means a child care facility that has been licensed by the state of Washington to provide child care and early learning services to children for periods of less than twenty-four hours.

Definition of Library is overly broad.

PROPOSED REVISION – Library means an organized collection of primarily printed resources owned by the county, city, or state, made accessible to the public for reference, borrowing, or buying.

Definition of Perimeter is overly broad. Large parking lots, and other features unrelated to the protected use will unreasonably restrain potential siting decisions.

PROPOSED REVISION – Perimeter means the structural or otherwise natural boundary of the area in which the supported use is occurring.

Definition of Playground is overly broad.

PROPOSED REVISION – “Playground” means a public outdoor recreation area for children, equipped with swings, slides, or other playground equipment, owned and managed by a city or county.

Definition of Public Park is overly broad.

PROPOSED REVISION – “Public Park” means a public playground, public recreation center or other public areas, created, established, designated, maintained, provided or set aside by a city, county, state or federal government for the purposes of public rest, play, recreation, enjoyment or assembly, and all buildings, facilities and structures located thereon or therein.

Definition of Public transit center is overly broad.

PROPOSED REVISION – “Public transit center” means a sheltered waiting area where no fewer than 10 bus routes converge, and that is served by a park and ride facility with no fewer than 500 parking stalls. They serve as efficient hubs to allow bus riders from various locations to assemble at a central point to take advantage of express trips or other route to route transfers.

Definition of Recreational Center is overly broad.

PROPOSED REVISION – Recreational Center or facility means a recreational facility that is open to the public and intended to provide athletic, civic, or cultural activities.

WAC 314-55-015

(5) What does “limited access” mean? This subsection should be clarified to provide more certainty. For example, does this subsection pertain to the number of entrances or proximity to a law enforcement agency? Or does the second floor of a building matter or the distance from the main road?

(7) PROPOSED REVISION – The board will not approve any marijuana retailer license for a location within a non-cannabis business.

WAC 314-55-020

(10) PROPOSED REVISION – A signed affidavit or agreement from the landlord acknowledging the premises will be used as a marijuana business.

WAC 314-55-035

The concept of “true parties of interest” is a broad overreach of voter approved initiative 502. Privately or Publicly held corporation stockholders and their spouses must be named on the license, and therefore also are subject to the Washington Residency Requirements referenced in WAC 314-55-020. This will create significant limitations on a business’s ability to recruit talent.

The WSLCB should be encouraging new businesses to identify experts from throughout the country who may lend unique knowledge and skills to ensure that this new market place is safe, functional, and secure. Eliminating state residency requirements for board members, stockholders, and financiers, to name a few, will not jeopardize the integrity of implementing initiative 502, and other regulatory requirements can be enforced to ensure that those participants are law abiding citizens.

WAC 314-55-050

The board power given to the LCB is over reaching. I propose that the “but not limited to” language be removed. The LCB should be able to delineate all reasons for rejection.

WAC 314-55-070

If a the board denies a marijuana license application, a provision should be added to this section that creates a curative period whereby the applicants may revise its application in lieu of having to request an administrative hearing per chapter 34.05 RCW. In the event that the application cannot be successfully revised and resubmitted an administrative hearing as described would then be the appropriate request should the applicant wish to appeal the denial.

WAC 314-55-082

Insurance requirements – Will large, interstate insurance providers actually provide insurance? Will there be an option for self-insurance by the retailer? The market should be allowed to develop before this rule, and its implication may be feasible.

WAC 314-55-095

(3) PROPOSED REVISION – A single transaction is limited to a maximum of one ounce of useable marijuana, sixteen ounces of marijuana-infused product in solid form, and seventy-two ounces of marijuana-infused product in liquid form for persons twenty-one years of age and older.

WAC 314-55-097

What does “plant matter waste” constitute for purposes of the disposal requirements?

WAC 314-55-102

(6) What is an intended purpose or use of the testing? Is it for a consumer protection purpose? Perhaps .001% of consumers want to know how much Cannabigerol is in their marijuana. If testing speaks for consumer safety perhaps these tests would be valuable. If we are testing for cannabinoids we are just making it expensive.

(10) Suggested label is non-compliant as it misses cannabinoids mandated in (6). Further, no guidance is given as to what you need to test for. Heavy metals, pesticides or other consumer dangers may be appropriate. Mold and mildew “tests” are better done by inspection.

WAC 314-55-105

(9)(c) The acronyms should be spelled out to avoid confusion of what is required on the labeling.

WAC 314-55-155

(2) Amend section (c) to be in line with liquor laws (see 314-52-015) to read

Represents the use of marijuana has curative or therapeutic effects, if such statement is untrue or tends to create a misleading impression;

(i) If advertising claims the alcohol product has a curative or therapeutic effect or enhances health or performance, the licensee must:

(a) Cite the name of the author and date of the research or study supporting the claim; and

(b) Provide a copy of this research or study to the board.

Additional Comment

Applications for licensed retail locations within a distance of less than 1000 feet of the above defined protected uses should be considered when one of the following conditions exist: 1. No other commercial properties exist within the 1000 foot requirement, or 2. A licensed retail location within the 1000 foot requirement would serve a legitimate public interest.

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 12:53 PM
To: 'Adriane Sasaki'
Subject: RE: Orting Standing Together on Prevention - I-520 Draft Rules Response

Adriane,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Adriane Sasaki [<mailto:adrianemsasaki@hotmail.com>]
Sent: Monday, June 10, 2013 4:37 PM
To: rules
Cc: wgilreath@psed.org; Andi Sledge; Jill Christian; Amy Lalone
Subject: Orting Standing Together on Prevention - I-520 Draft Rules Response

Please see the attached letter stating OSTOPs stance on the upcoming rules regarding initiative I-520. Please contact me with questions or concerns.

Adriane Sasaki
OSTOP Co-Chair
Orting Standing Together on Prevention
www.ostop.org
(253)677-7405

Date: June 8, 2013

To: Washington State Liquor Control Board

From: Orting Standing Together On Prevention: OSTOP Coalition

RE: Response to Draft WAC 314-55

This memo is to express OSTOP's interest and concern in the implementation of Initiative 502 and the proposed WAC 314-55 for Marijuana Licenses, Application Process, Requirements and Reporting. As a part of our ongoing work to prevent youth substance use and abuse, OSTOP is working to create drug free community norms and lifestyles for the children and youth of Orting. To that end, we provide the following comments on Initiative 502 and WAC 314-55.

Washington Icon/Logo: 314-55-105

- The icon/logo of a marijuana leaf inside the outline of the state of Washington creates an image and brand of Marijuana being a part of the State of Washington. It creates a legally sanctioned message of normalizing marijuana use for the state and sends the message to youth that this is a "marijuana state". The depiction of Washington as being a "marijuana" state is counterproductive to the efforts of Drug Free Community and Prevention Redesign Initiative communities and school based prevention efforts across the state.

Restricted Advertising: 314-55-155

- As we have learned from research and our own state's initiatives on alcohol and tobacco prevention – it is important to regulate and enforcement restrictions on advertising of alcohol, tobacco and other drugs. OSTOP is encouraged to see language prohibiting product and advertising placement within line of public site.

Proximity to Schools and other public areas designed for child and youth: Initiative 502, Part III – Licensing and Regulation of Marijuana Producers, Processors and Retailers, Section 18

- It is imperative for the health and welfare of children and youth that they are not exposed to promotion of marijuana use or other messaging suggesting the use of marijuana. Any depiction or promotion of marijuana or other drug use would contradict community efforts to create drug free norms for children and youth.
- It is imperative for the health and welfare of children and youth that access to alcohol, tobacco and other drugs is restricted. The intentional placement of marijuana retailers close to areas with a high concentration of children and youth (such as schools, child care centers, neighborhood parks, etc) would increase access to the drug, send a message of promoting use and increase the risk of children and youth engaging in the use of marijuana.
- While restrictions of retail placement is referenced in the language of the Initiative itself, we were unable to find WAC language that clearly and specifically prohibits the approval of retailers being in proximity to schools.

Market Density: Initiative 502, Part III – Licensing and Regulation of Marijuana Producers, Processors and Retailers, Section 13

- It is imperative for the health and welfare of children and youth that they are not exposed to promotion of marijuana use or other messaging suggesting the use of marijuana. Any depiction or promotion of marijuana or other drug use would contradict community efforts to create drug free norms for children and youth.
- It is imperative for the health and welfare of children and youth that access to alcohol, tobacco and other drugs is restricted. The intentional concentration of marijuana retailers in any community would increase access to the drug, send a message of promoting use and increase the risk of children and youth engaging in the use of marijuana.
- While restrictions of retail placement is referenced in the language of the Initiative itself, we were unable to find WAC language that clearly limits the market density

Restrictions on product sampling: Initiative 502, Part III – Licensing and Regulation of Marijuana Producers, Processors and Retailers, Section 14

- It is imperative for the health and welfare of children and youth that they are not exposed to promotion or sampling of marijuana use or other promotional activities suggesting the use of marijuana. Any depiction or promotion of marijuana or other drug use would contradict community efforts to create drug free norms for children and youth.
- While opening packages and use of product is referenced in the language of the Initiative itself, we were unable to find WAC language that clearly and specifically prohibits marijuana use or sampling in the retail establishments

Increased funding for prevention: Initiative 502, Part IV – Dedicated Marijuana Fund

- As access to marijuana increases, it is important to consider the impact on communities – particularly children and youth. Sales and promotion of drugs must be accompanied by resources to educate children and youth about the impact of these drugs, provide them opportunities to be involved in drug-free activities, increase their skills to make healthy choices and other prevention focused initiatives.
- While opening packages and use of product is referenced in the language of the Initiative itself, we were unable to find WAC language that clearly and specifically outlines the distribution of Dedicated Marijuana Funds to provide resources for Prevention

Increased funding for substance abuse treatment: Initiative 502, Part IV – Dedicated Marijuana Fund

- As access to marijuana increases, it is important to consider the impact on communities – particularly children and youth. Sales and promotion of drugs must be accompanied by resources to provide intervention and treatment for children and youth who begin to use marijuana and other drugs. The provision of funds for these focused initiatives is an important resource to minimize the negative impacts of increased access to marijuana.
- While opening packages and use of product is referenced in the language of the Initiative itself, we were unable to find WAC language that clearly and specifically outlines the distribution of

Dedicated Marijuana Funds to provide resources for intervention or treatment for children or youth who are actively using marijuana or other drugs.

Increased funding for law enforcement: Initiative 502, Part IV – Dedicated Marijuana Fund

- As access to marijuana increases, it is important to consider the impact on communities – particularly children and youth. Sales and promotion of drugs must be accompanied by resources for law enforcement to respond to concerns for community safety, enforce laws around use, possession and other aspects of the new demands on law enforcement.
- While opening packages and use of product is referenced in the language of the Initiative itself, we were unable to find WAC language that clearly and specifically outlines the distribution of Dedicated Marijuana Funds to provide resources for law enforcement

Increased funding for Liquor Control Board enforcement: Initiative 502, Part IV – Dedicated Marijuana Fund

-
- While opening packages and use of product is referenced in the language of the Initiative itself, we were unable to find WAC language that clearly and specifically outlines the distribution of Dedicated Marijuana Funds to provide resources for enforcement of legal marijuana marketing activities

Marijuana Waste Disposal: 314-55-097

- While the WAC outlines provisions for the disposal for marijuana, it does not appear to address access to the disposed materials. Although the disposed product might be “rendered unusable”, it is foreseeable that children and youth may still find ways to locate and use the discarded material in an attempt to get high. Smoking or other consumption of marijuana mixed with “non-consumable” items may have other negative impact on the health of these youth. For example, what is the health impact for youth who smoke disposed marijuana mixed with plastics?

Marijuana social host law

- Need statement about importance of social host law
- Marijuana social host laws are referenced in the “20 Provisions to Promote Healthy Children and Communities in a Legal Marijuana Market Place”, but we cannot find accompanying language in either the language of Initiative 502 or the proposed WAC 314-55

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 12:51 PM
To: 'Linda Medley'
Subject: RE: I-502 DRAFT WAC 314-55

Linda,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Linda Medley [<mailto:lmedley@co.pierce.wa.us>]
Sent: Monday, June 10, 2013 4:32 PM
To: rules
Cc: Susan Long; Joyce McDonald; Thomas Swanson
Subject: I-502 DRAFT WAC 314-55

Please see attached comment letter regarding I-502 Draft WAC 314-55.



Pierce County

Office of the County Council

930 Tacoma Avenue South, Room 1046
Tacoma, Washington 98402-2176
Phone: (253) 798-6694
Fax: (253) 798-7509
Toll Free: 1-800-992-2456
E-Mail: joyce.mcdonald@co.pierce.wa.us

Joyce McDonald
Councilmember, District No. 2

Public Safety & Human Resources, Member
Economic and Infrastructure Development Committee, Member

June 10, 2013

Washington State Liquor Control Board
Rules Coordinator
PO Box 43080
Olympia, WA 98504-3080

RE: I-502 Draft WAC 314-55

Dear Rules Coordinator:

Thank you for the opportunity to comment on the draft rules implementing I-502. My comment and concern relate to the apparent conflict between I-502 and federal law and I offer a suggestion that would provide a choice for local jurisdictions to allow marijuana uses within their boundaries. Recognizing that marijuana is a Schedule 1 controlled substance under the federal Controlled Substances Act, 21 CFR Sec. 1308.11 (31), 21 USC 812(a)(1) and the conflict that presents with Washington's I-502, I respectfully request that Chapter 314-55 WAC include an "opt-out" process modeled after Chapter 66.40 RCW.

Thank you for your consideration.

Sincerely,

A handwritten signature in cursive script that reads "Joyce McDonald".

Joyce McDonald, Chair
Pierce County Council
District No. 2



McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 12:48 PM
To: 'Paralegal_Two'
Subject: RE: I-502 draft rules suggestions

Samuel,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Paralegal_Two [mailto:Paralegal_Two@McCormackLegal.com]
Sent: Monday, June 10, 2013 4:26 PM
To: rules
Cc: Timothy McCormack
Subject: I-502 draft rules suggestions

Please see attached correspondence.

Samuel D. Wilson
Paralegal to Timothy B. McCormack

mccormack
Intellectual Property Law
Business Law Ps

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June 7, 2013

Via E-Mail Only

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RE: Feedback and Suggestions on I-502 Draft Rules

Dear Ms. McCall,

Please find enclosed a report containing our comments, suggestions, and general feedback on the recently released draft rules for the implementation of I-502.

As you may recall, we previously submitted suggestions on the formation of these rules based on the provisions provided in I-502. A copy of this earlier report is also enclosed. Our focus is primarily on keeping the new marijuana industry local, ensuring maximum transparency and oversight in business operations, and eliminating any potential for criminal elements in the new legalized system.

We believe our comments and feedback are well researched and highly applicable to Washington's circumstances. I urge you to consider our suggestions as you make further revisions to the rules.

Sincerely,



Timothy B. McCormack
tim@mccormacklegal.com

Enclosures:

- 1) June 7, 2013 report – feedback on I-502 draft rules
- 2) March 13, 2013 report – suggestions on implementation of I-502

June 7, 2013

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I-502 Draft Rules
Recommended Changes and Feedback

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I. Introduction

The proposed rules for marijuana business licensing and operation (the “Draft Rules”) have been released by the Washington State Liquor Control Board (the “Board”) for review and comment by the public.

The Draft Rules provide an excellent framework for the implementation of I-502. In most respects, the proposed rules are well in line with Washington’s goal to introduce the legal marijuana market while maintaining firm control and regulation. However, there are some rules/sections which could be strengthened, and in a few instances there are rules which appear contrary to the Board’s stated goals or, at the least, require significantly more clarification. There are also several aspects of the

license application procedure and operation of a marijuana business which are missing entirely from the Draft Rules, but which should be included.

This report attempts to highlight areas of the Draft Rules which could or should be improved. Section II focuses on high-impact rules which we believe deserve serious reconsideration. Section III focuses on aspects of marijuana business licensing, operation, and regulation which are necessary but appear to be absent from the Draft Rules. Section IV contains additional suggestions, sequenced by rule number, which we believe the Board should consider.

II. High Impact Rules to be Strengthened and/or Clarified

The following are the rules which we believe are in most need of strengthening or clarification.

a. WAC 314-55-020 (7) - Residency Requirement for License Applicants

The Draft Rules currently require a license applicant to have resided in the state of Washington for three months. This rule is not in Washington's best interest. The minimum residency requirement should be increased to at least one year.

As we emphasized in our previous report to the Board, the success of the new legalized marijuana market depends in large part on keeping the industry *local* for several reasons. The Board cannot exercise authority over individuals or businesses located outside of the state. The financial benefits on all levels from Washington's new industry should stay within the state. Allowing licensees with out-of-state financial connections or business interests would likely cause complications with the federal government. It could also allow criminal elements to infiltrate the new industry outside of Washington's knowledge or supervision.

Beyond simply proving that they technically live within Washington's borders, applicants should also be able to demonstrate strong ties with their local communities and vested personal interest in Washington's progress and well-being. Three months is not enough time to establish these sorts of lasting connections and values. Such a short residency requirement allows outsiders who are only motivated by personal profit to share a portion of Washington's marijuana industry which would be better served by a true Washingtonian. We propose that one year is enough time to establish a true and committed residency in a new home state, and that this commitment should be a demonstrable trait of all marijuana license applicants.

Applying for a marijuana license is a unique opportunity and a privilege granted by the state of Washington. Another such privilege is attending public higher education. As codified in WAC 250-18-020 (a)(i), for a college or university student to be eligible for in-state tuition rates, he or she must have "established a bona fide domicile in the state of Washington" for at least one year. This requirement favors long-term Washington residents over outsiders, because: 1) long-term residents pay state taxes which support the public education system, 2) long-term residents are more connected with local institutions, including universities, and their surrounding communities, and 3) long-term residents are likely to reinvest their education in Washington's economy and job market. These same reasons also

apply to the implementation of I-502: 1) long-term residents pay taxes which support the Board, the legalized marijuana initiative, local law enforcement, etc., 2) long-term residents are more connected with local communities and have a vested interest in Washington's well-being, and 3) long-term residents are more likely to reinvest profits in Washington's economy.

While there are numerous aspects of an applicant's background which may reflect positively on his or her commitment to Washington's progress and his or her connections to the local community, the simplest and most efficient way to vet applicants for this trait is to require one year of state residency. Given the high number of interested parties within Washington alone, and the potential risks from allowing outsiders to easily participate in the new industry, the minimum residency requirement should be increased to one year.

b. WAC 314-55-515 (2)(d), WAC 314-55-535 – Penalties for Violations (Group 4)

WAC 314-55-515 defines four categories of marijuana rule violations and corresponding penalties. Groups 1 through 3 are distinct and logical categories based on the type of violation (public safety, regulatory, and license violations). The Group 4 category as defined in WAC 314-55-535, however, does not fit in the same category structure, lists redundant rule violations, and proposes inefficient and ill-suited penalties.

Group 4 lists rule violations that are specific to marijuana producers. There is no section or group that is specific to processors or retailers. Some of the same violations in Group 4 also appear in Groups 1-3 (e.g., failure to use traceability system, improper recordkeeping). The apparent purpose of this unique Group is to provide different penalties for producers who violate certain rules. However, in some cases, it appears that the producer would suffer two penalties for the same violation. For example, Groups 2 and 4 both list penalties for "Improper recordkeeping." The penalty for a 1st violation in Group 2 is a \$500 fine or 5-day suspension, while the penalty in Group 4 is a \$2,500 fine. It's not clear whether the Group 4 penalty would negate the Group 2 penalty or if they are intended to overlap.

Of more concern, however, are the Group 4 penalties involving destruction of harvestable plants. While producers should certainly be penalized for rule violations, and perhaps even more harshly than other license types, it does not make sense for the penalty to be destruction of harvestable plants.

First, this section does not detail how the destruction would be enacted. However, we can presume it would be at significant cost and time to the Board, either by monitoring the destruction process or having to destroy the plants themselves, particularly if the destruction penalty is accompanied by a suspension.

The impact of the punishment would also vary immensely depending on various factors. For example, a large, commercial grow operation may experience severe and potentially irreversible losses when a quarter of its harvestable plants are destroyed. At the same time, a small "mom-and-pop" producer would likely experience a much more manageable loss.

The impact of the punishment would also vary greatly depending on the current stage of the plant growth. For example, destroying harvestable plants the day before they're intended to be harvested would be very impactful, since at that time the licensee has already invested full resources into the crop but will yield only a fraction of expected revenue. Contrastingly, if the punishment is enacted the day after a harvest, there could well be nothing left to destroy, making the punishment essentially meaningless.

If producers need to be penalized more severely than processors and retailers, the penalties should still be limited to fines and suspensions. These are both punitive and neither puts excessive burden on the Board itself. Fines will always benefit the Board and Washington and act as a strong deterrence for license holders. Suspensions give the business an opportunity to address and correct the rule violation, and a suspension will have a proportionate impact on businesses of varying sizes.

c. WAC 314-55-010 (9) – Lot Sizes

Under the current definition, a "lot" cannot exceed either 2 or 6 pounds. The lot number is primarily used for three purposes: 1) traceability, 2) product labeling, and 3) product testing. The maximum lot size is exceptionally cost prohibitive and impractical, particularly in light of the third-party lab testing requirement.

The Draft Rules indicate that a sample from each lot must be tested, although this is never stated explicitly (see Section III, letter "c" below). For any sizeable marijuana producer or processor operation, this requirement would be very impractical and cost inefficient. If one marijuana plant of a given strain yields one pound of usable marijuana (not unusual), and a producer grows 5,000 plants (.5 to 1 acre conservatively), and the producer must submit a test sample for each lot, then the producer will have to submit *2,500 samples* for testing and pay for *2,500 independent lab tests*. Even disregarding the financial burden this would place on licensees, it is impractical to expect thousands of lab tests per harvest, and it is unlikely that enough accredited labs could be established to meet this demand.

The solution is to either redefine the size of one "lot" for the purpose of lab testing, or to otherwise define practical and tenable rules surrounding testing requirements and procedures (Section III, letter "c" below). For example, a "batch" could be defined as all of the plants grown under the same circumstances (same strain, same greenhouse, same harvest date, etc.), and each "batch" must have a representative sample tested, perhaps with a maximum "batch" size that is much larger than lot sizes. This allows an individual licensee to adjust its operations to reflect diversity of products versus tolerance for the time and expense of lab testing. It would also avoid the testing bottleneck that would likely result from having to test the small lot sizes. The test results for each "batch" could be shown on product packaging labels, but the smaller "lot" size could still be used for the traceability system if necessary.

III. Missing Rules and/or Sections to be Added

a. Overlap With Medical Marijuana System

Washington state, and other states, have existing codified medical marijuana systems. These medical marijuana regulations were established with a very specific and limited purpose. While implementing medical marijuana legislation was a major step towards full legalization, the two systems have very little in common and should be kept separate.

In particular, the rules governing oversight and regulation in the two systems are different to the point of incompatibility. The medical system exists only for patients of licensed physicians, with marijuana proscribed for medicinal purposes. The system relies on the relationship between doctors and their patients, and allows small-scale personal growth for individuals under different requirements than those stipulated in I-502 and the Draft Rules. The scope of medical marijuana is far smaller, and far less ambitious, than that of I-502.

Everyone agrees that the new legalization initiative needs to be beyond reproach. Allowing the two systems to overlap would almost certainly create confusion or legal ambiguity under certain circumstances. It would also allow opportunities for deceptive business practices that would be otherwise avoidable. It would place a greater burden on the Board to regulate aspects of the medical marijuana system, even though this system is not intended to be under the Board's authority.

Accordingly, a licensee under I-502 should not be allowed to participate in the medical marijuana system in any capacity. For example, a licensed retailer cannot also operate as a medical dispensary, and an individual with permission to grow marijuana plants for personal medicinal use cannot also sell these plants through a producer license.

We recommend that the Board add a new section to the Draft Rules further distinguishing the two systems from each other and clarifying their separation.

b. Process for Destruction of Marijuana

WAC 314-55-097 generally describes the requirements for marijuana waste destruction and disposal, but it lacks specific details which should be provided for clarification. The primary destruction method is "by grinding." The rules should clarify exactly what method(s) of grinding is acceptable and what tool(s) or machine(s) are required. Other qualifiers may be provided as well or instead, such as a measure of how finely ground the waste needs to be before it is considered "unusable" and ready for disposal.

This section also does not say what to do with waste product once it's been made disposable. For example, can waste product be treated as compost and distributed/reused as such? Can or should waste product be brought to a local landfill?

This clarification is necessary so that licensees are very clear on what their specific obligations are, and to avoid the possibility of disposed product still containing useable marijuana.

IV. Additional Suggestions on Rules

a. WAC 314-55-010 (9) – Definitions – Lot Sizes

The current definition of a lot (which may need to be changed as discussed above) needs further clarification. Specifically, the current definition uses the terms “flowers” and “trim, leaves, or other plant matter” in its definition. The meaning of these words should be clarified such that the average layperson understands what is meant by words like “flowers” or “trim.”

b. WAC 314-55-015 – General Information

This section lists a few of the general requirements for licensing, but not all of them. This section may cause confusion, as it places extra emphasis on certain rules and not others. This section should either be made comprehensive, or removed entirely, or altered to include only general requirements which are not stated elsewhere in the rules.

c. WAC 314-55-035 – True Parties of Interest

A potential loophole in determining true parties of interest concerns regular employees who make exceptionally high wages. If an employee earns a regular wage or salary that far exceeds the typical pay for someone in his or her position, that employee may be considered a true party of interest for the purpose of background checks. The definition could be expanded to include any employee who makes over a certain threshold in yearly salary, or any employee whose salary is equal to or greater than a fixed percentage of the business’ revenue.

d. WAC 314-55-045 – Past Violations of Current License Applicant

Different weight should be given to different types of rule violations. For example, there is a significant difference in severity between failure to utilize the traceability system when transporting marijuana products, and an employee forgetting to wear his ID badge on the business premises. Currently both violations are treated the same under this section.

e. WAC 314-55-081 – Who Can Apply for Retail Licenses

Clarification should be given on when and how the Board will provide information on how many retailer licenses will be granted for each county.

f. WAC 314-55-120 – Ownership Changes

This section discusses applications required under certain circumstances, but does not say what these applications actually are, where they’re found, what they contain, or explain the process for submitting these applications. It also doesn’t, but should, explicitly state that any new true party of interest will be subject to background and criminal history checks.

g. WAC 314-55-140 – Death/Incapacity of Licensee

In a case where the individual taking over for the deceased licensee thereby becomes a true party of interest and/or financier, but wasn't one before, that individual should be subject to the standard background and criminal history check prior to having permission to continue business operations as the de facto licensee.

h. WAC 314-55-505 – Notification of Alleged Violation

There should be a specific format for the AVN. This section explains what information the AVN should include, but does not state what format or medium that information would be provided through.

i. WAC 314-55-506, 507, 508 – Summary Suspensions

This section contains legal terms like "summary suspension," "stay on suspension," and "order on stay." These terms may be too confusing or technical, especially since the vast majority of the Draft Rules are otherwise understandable by a layperson. These terms should either be defined for clarity, or this section should be reworded without the legalese.

j. WAC 314-55-540 – Terms of License Suspension

This section gives one exception to a license suspension for producers, who are allowed to continue tending currently growing plants during the suspension. Similar exceptions may be necessary for other circumstances as well, perhaps on a case-by-case basis. For example, if a processor is in the middle of a chemical extraction process, it might be unsafe to interrupt. Perhaps a licensee waiting for lab test results should be allowed to receive the results and/or correspond with the lab if necessary.

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March 13, 2013

Via U.S. Mail and E-Mail

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E-Mail: rules@liq.wa.gov

RE: Suggestions On Implementation of I-502

Dear Ms. McCall,

I have been asked by two of my clients, a lawyer and an accountant who are both interested in growing marijuana under the implementation of Washington Initiative 502, to forward their feedback on how the new regulatory rules should be formed.

I understand that the Washington Liquor Control Board has been tasked with developing these rules based on the guidelines provided in I-502. I believe my clients' suggested approach is well researched and highly applicable to Washington's circumstances. I urge you to consider their suggestions.

Sincerely,



Timothy B. McCormack
tim@mccormacklegal.com

Enclosure

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Definitions:
“Product” or “Products” – marijuana, or any product containing marijuana (such as edibles)
“premises” – the location of a marijuana business operation
The “Board” – the Washington State Liquor Control Board

I. Introduction

Since the passing of I-502 in Washington, the Washington State Liquor Control Board (the "Board") has been tasked with determining and implementing rules and regulations concerning the legal production, manufacture, processing, and retailing of marijuana. One particularly significant goal of Washington's decriminalization is to combat the illegal marijuana market, which is in large part controlled by criminal entities and networks.

To achieve this end, policies must be implemented which are specifically designed to exclude and impede any criminal activity in connection with legal marijuana operations. State-wide legalization is an unprecedented alternative to the "war on drugs," which most experts concede has been unsuccessful. Other states will likely look to Washington as a model for future decriminalization efforts. Therefore, it is essential to exclude any criminal element or connection from the legal marijuana marketplace in Washington.

In determining what regulations to implement, the Board should look to some of the pre-existing laws governing the legal production, selling, and use of marijuana which have been successful in excluding aspects of criminality. In particular, the state of Colorado's laws concerning medical marijuana use are exceptionally strict and rigidly controlled, leading to high business transparency and a low levels of law enforcement involvement.

II. Summary

Colorado's medical marijuana is regulated at both the state and local level. Certain universal policies and rules are determined at the state-level. However, wide discretion is also given to local authorities in cities, towns, and counties in developing their own rules. For example, some counties have banned medical marijuana operations entirely. Others, like the city of Boulder, developed their own laws which largely build on the guidelines set by the state, but are also much stricter.

The strength of Colorado's medical marijuana laws comes mainly from the absolute authority over the industry granted to the licensing authorities, both state and local. These authorities control every aspect of the medical marijuana economy, from production to processing and manufacturing to retail down to the individual patient. The key idea is "transparency." Some of Colorado's strengths are:

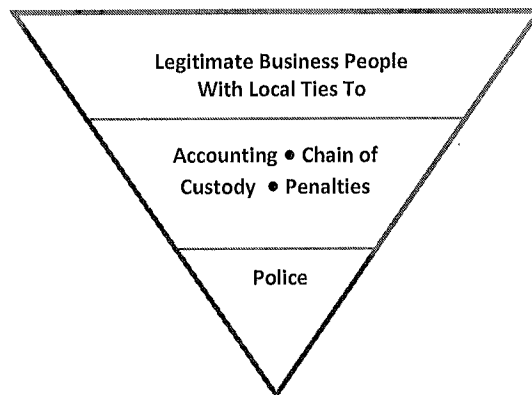
- every individual involved in any licensed marijuana operation MUST pass a thorough background check, including a fingerprint check with the FBI. Several criteria are set which automatically deny a license application, such as a felony in the last 5 years or any previous offense involving a controlled substance. This includes not only owners and managers, but also employees and financiers.
- strict regulations on security and surveillance at any marijuana facility. Requirements regarding lighting, alarm systems, security cameras, and off-site surveillance storage.
- licensing authorities have unlimited open access to the business' accounting, books, and records, as well as surveillance footage. Businesses and their premises can be inspected (or audited) at any time
- required inspections and renewals of licensing, required reports, licensing authorities must approve any real changes to business (such as adding new employee, change in financier, etc)

I-502 touches on all of these aspects and in some cases stipulates the same rules. However, I-502 stops short of mandating most of the strictest rules, and instead leaves interpretation of the act to the Board. In fact, one portion of I-502 (Section 9) lists a number of aspects which the Board *may choose* to create rules for. Section 10 lists aspects which the Board *must* develop rules for, with a deadline of December 1, 2013. A summary of the I-502 mandates and regulatory options are below.

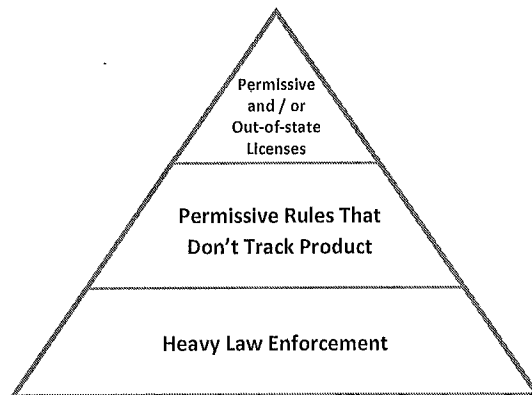
III. Graphic Showing Need for Background Checks, Accounting & Chain-of-Custody

Criminal activity is greatly reduced by: 1) issuing licenses to legitimate business people with local ties; 2) creating strict product and monetary accounting rules, including a chain of custody that accounts for every ounce of product – all with stiff penalties (including loss of license, stiff fines and possible criminal prosecution); and 3) using the legal system to deal with outliers. Ideally, making the correct decisions on the first two items eliminates the need for heavy police involvement – in all but the most extreme cases.

Proper Licensing and Strict Accounting and Reporting Reduces Need For Law Enforcement



Open Grow and Retail Licenses with Permissive Distribution Rules



IV. I-502, Part III, Section 10 – rules the Board MUST adopt

The Board is obligated to determine and adopt rules governing the following aspects:

1. Licensing of marijuana producers, processors, and retailers, including creating relevant forms and establishing relevant fees
2. Determine the maximum number of retail outlets for each county, considering population distribution, security and safety issues, and provisioning enough access to undermine purchases from the illegal market
3. determine maximum quantity of marijuana a producer/grower can have on his premises
4. determine the max quantity of marijuana and/or Product a processor/manufacturer can have
5. determine max quantity of Product a retailer can stock
6. for (3) to (5), must consider security and safety issues, provisioning enough Product to undercut illegal market, and “economies of scale” and the trade-off between complying with regulations and undercutting illegal market prices
7. create rules for nature/form/capacity of containers, and rules for labeling. (labels must include: business name and ID number of grower, processor, and retailer), lot numbers, THC concentration, medical info about hazards, and a warning of habit-forming
8. consult with department of agriculture to determine classes of marijuana according to “grade, condition, cannabinoid profile, THC concentration, or other qualitative measurements deemed appropriate” by the Board
9. establish rules around advertising marijuana, while considering federal laws, minimizing ad exposure to people under 21, and including medically/scientifically accurate information in the ad
10. establish rules surrounding transport and delivery of marijuana and Products
11. consult with the department of agriculture to create testing laboratories for testing marijuana and Products by various standards (for health purposes)
12. develop rules surrounding when and how law enforcement is involved when activities occur outside of licensing and/or the established rules

V. I-502, Part III, Section 9 – rules the Board MAY adopt

I-502 does not mandate the board to develop policies surrounding these points, but they undoubtedly will. The Board may adopt rules concerning:

1. equipment and management of retail outlets, and any premises where marijuana is produced or processed, and inspection of said premises
2. the books and records to be maintained by licensees, any reports made to the Board, and inspection of books and records
3. methods of production/processing/packaging, sanitation conditions, standards of ingredients and quality of Products
4. security requirements for any business premises, and safety protocols for licensees and their employees
5. screening, hiring, training, and supervising employees of licensees
6. retail locations, and hours of operation
7. labeling requirements, restrictions on advertising
8. forms and paperwork, terms and conditions in licenses, qualifications to receive a license. Notes that Board MAY require criminal background check including fingerprinting to FBI.
9. application, reinstatement, and renewal fees, or any other fees
10. manner of giving and services notices required by the act or rules (for example, if giving formal notice to a licensee of new information or something, notifying of change in rules, etc)
11. transport and delivery of marijuana and Products, including time periods and manner/methods
12. rules concerning law enforcement involvement or acquisition of marijuana – excludes medical marijuana (a separate act in the RCW)

VI. Suggested Proposals for the Board Based on in part Colorado's Medical Marijuana Laws

All applicants, managers, employees, and individuals with financial interest should be subject to a thorough background check. The more closely the individuals are inspected, the less likely criminal ties will slip into the system. The Board should have relatively open discretion in determining whether an individual is fit for the business or not, and the Board should be able to suspend or revoke licenses for even relatively minor infractions, if the infraction was avoidable – however, checks should be put in place to make sure this process isn't abused (for example, an appeal system). The Board could potentially consider something like a 3-strike system, where 3 or more violations automatically results in a revocation of license without room for appeal.

Any change to any significant aspect of the business must be reported and approved ahead of time. In particular, change in management or financial interest must be approved, and new individuals or parties must pass the same background checks.

The Board and/or its representatives should have full access to a marijuana business' accounts and records, including records of all Products and their origins and sales. This information should be accessible at any time without notice. Inspections should be performed consistently but randomly. The Board should keep records of a business' financials to check for irregularities or inconsistencies. The board should also use this information to analyze the new legal marijuana industry, which will help the Board to establish better rules and regulations down the road.

In addition to the above, the Board should be able to inspect the business premises at any time, with full access to every area (including locked or private areas). Particularly, inspectors should match the inventory and financial records with Product on hand to make sure they match. There should be no need for warrants or subpoenas; by applying for a license, the business operators agree to waive any legal rights in this capacity.

Create a tracking system, to track marijuana from the grower all the way to the retailer. Track by labels, and any transportation or sale of Product is accompanied by details of its origin and destination. This will ensure that the amounts stay consistent. One idea would be to enter all Product into a state-wide online system accessible by licensees and the Board/authorities. Any irregularities should be investigated and reported.

Strong security should be mandatory at all business premises, including the use of security cameras, an alarm system, and full 24/7 lighting. Essentially, nothing happens on the premises without it being recorded, and surveillance footage should be kept off-site and again accessible at any time to the relevant authorities. Perhaps ideally, the security and surveillance should be managed by a third party or possibly the state, in order to prohibit possible tampering or altering of security systems.

There should be a firm plan for the disposal of marijuana and Product that isn't legitimately sold from a business. For example, if a retailer has stocked edible Products which pass the expiration date, or

if a grower has a bad batch/lot that it can't sell to a processor or retailer, there needs to be a guarantee that this un-sellable Product will be destroyed or made unusable. The Board may consider a state-wide procedure for this, or it may require each license applicant to produce their own plan.

Regulations should be made governing how much Product a retailer can have on stock at any given time. The Board may wish to consult with the Department of Agriculture or another state agency in making these considerations. In short, the amount of legitimate demand (from legal, above-the-board purchasers) should dictate the level of supply. A retailer should not be able to purchase or obtain more Product than it can sell legitimately. This may be difficult to determine accurately at the outset, but data and statistics should be measured once businesses begin operating to determine where the demand levels are at.

It may behoove the Board to control which third party services a licensed business is allowed to use. For example, if a business is obligated to record and store surveillance footage, the Board may want to determine a single company and/or storage location for the business to use, in order to ensure the footage can't be tampered with. Another consideration is transportation – if businesses are allowed to use third party companies to transport Products, the Board may wish to designate which companies a business can use or develop policies in this respect, the goal being to minimize vulnerabilities to criminal manipulations within the system.

VII. Other Proposals and Ideas for the Board to Consider – “Keep It Local”

In determining licensing requirements and regulations, emphasis should be placed on keeping the businesses, their owners, and their financiers local. I-502, and any subsequent rules established by the Board, only applies to Washington State. Accordingly, Washington has no authority over individuals or businesses located outside of its borders. Certain provisions are not truly enforceable on entities existing outside of the state. As a result, criminal elements may still be tied to Washington's marijuana industry if Washington allows foreign entities to hold stake in a marijuana business.

The solution to this problem is to limit the new industry strictly to local residents and businesses. By keeping the industry entirely local, Washington can exercise complete authority over everyone involved in the industry and ensure that no person or business not fully vetted is allowed financial interest in the new market.

This also serves another goal of I-502: increasing tax revenue for the state. If an outsider person or corporation invests and profits from Washington's marijuana laws, that money leaves the state, and any future tax revenue from that money goes to an entity other than Washington. By keeping ownership and financial interest strictly within Washington, the Board ensures continued reinvestment from that business into Washington's economy.

As an example, consider if a large East Coast corporation decides to invest in Washington's marijuana industry. It would be virtually impossible to perform background searches on all of the corporation's officers, financiers, and/or stockholders. As a result, individuals who do not meet the criteria for licensing, and who may have ties to criminal networks such as drug cartels, could still hold a financial stake in Washington's marijuana businesses. Additionally, revenue from those businesses would leave Washington, rather than helping bolster Washington's economy as I-502 intends.

Keeping out foreign elements also serves another end in a less tangible but still significant way. Washington's legalization of marijuana is still in direct conflict with federal law. What action the federal government will take over the legal marijuana industry in Washington remains to be seen. However, allowing extra-state entities to participate in Washington's marijuana industry could potentially result in complications which require involvement by federal law enforcement. For example, if a federal investigation into an individual or corporation leads to connections with Washington marijuana businesses, federal law enforcement may be obligated to investigate these businesses and operations. This sort of situation could spark a significant legal struggle between the state and the federal government which would jeopardize the success of Washington's legalization efforts. This is another reason to keep Washington's marijuana businesses local.

The simplest way to enact this goal would be to place regulations on licensing such that only local entities are eligible to apply for a license. The owners of a business must be Washington residents, with a permanent established residency of at least 3 to 5 years. Corporations or other companies should be both registered and headquartered in Washington. The Board should give preference to applicants who can demonstrate a history of successful and responsible business activity in Washington. The Board may establish specific criteria to this end, or they may simply allow applicants to submit any evidence or their standing in the local economy. The Board may also request business records which indicate cross-state operations or connections to outside entities. Any evidence submitted should be verifiable or else not considered, and a discovery of false or incomplete information should be grounds for immediate rejection of the application.

VIII. Chart of I-502's Action Items for the Board with Recommendations

<u>I-502 – Rules the Board MUST Adopt</u>	<u>Recommendation(s)</u>	<u>Relevant Colorado law, if any</u>
1. Determine rules regarding the licensing of marijuana producers, processors, and retailers	<ul style="list-style-type: none"> • Every individual location requires a separate and unique license. • Require a strict and thorough background check on all involved parties and individuals. Anyone with any financial interest must be vetted. This includes a fingerprinted criminal history background check. • Certain criteria automatically disqualify an applicant. For example, any history of substance abuse, or any violation involving an illegal substance. • Applicants must be local, ideally with several years of permanent residency and a verifiable track record of legitimate business operations in Washington. The more verifiably established and legitimate the applicant is, the more preference should be given to that applicant. • The Board can and should inquire into the moral character of the applicant. • Applicant must provide full details of every party who has a direct or indirect financial interest in the business. • Applicant must prove legal possession of premises where business will operate. • Premises must be essentially ready to operate and inspected before license can be issued. Once the license is issued the business must begin operating within a reasonable time. • Providing false or inaccurate information results in automatic rejection of the application. • Any disciplinary action taken will be recorded in an independent permanent record kept the Board (or other • Any significant change in a licensed business must be documented and pre-approved. • In general, the stricter the rules and the more thorough the background checks, the 	<ul style="list-style-type: none"> • (H.B.) 11-1043, Section 8 12-43.3-306 • H.B. 11-1043, Section 9 12-43.3-307 • H.B. 11-1043, Section 10 12-43.3-310 • H.B. 10-1284, 12-43.3-308 • H.B. 10-1284, 12-43.3-313 • H.B. 10-1284, 12-43.3-601 • B.R.C. 6-14-3 • B.R.C. 6-14-4 • B.R.C. 6-14-5 (a)(1), (a)(2), (a)(3), (a)(4), (a)(5), (a)(6)(A), (a)(6)(B), (a)(6)(C), (a)(7), (a)(8), (a)(9), (a)(10), (a)(11), (b), (d) • B.R.C. 6-14-6 (a), (b) • B.R.C. 6-14-8 (k), (q) • B.R.C. 6-14-9 (c), (d) • B.R.C. 6-14-14 (a)

	less likely any criminal element will slip into the system.	
2. Determine the maximum number of retail outlets for each county	<ul style="list-style-type: none"> No Comment 	<ul style="list-style-type: none"> H.B. 11-1043, Section 6 12-43.3-302 6-14-5 (a)(6)(C) N/A B.R.C. 6-14-8 (j)
3. Determine maximum quantity of marijuana a producer/grower can have	<ul style="list-style-type: none"> Let the market determine the demand. When all product is tracked the risk of product traveling to illegal channels is much lower. Larger scale operations potentially lower the cost of production which also serves to undercut the underground market financially. 	<ul style="list-style-type: none"> N/A B.R.C. 6-14-8 (j)
4. Determine maximum quantity of marijuana a processor/manufacturer can have	<ul style="list-style-type: none"> Let the market determine the demand. When all product is tracked the risk of product traveling to illegal channels is much lower. Larger scale operations potentially lower the cost of production which also serves to undercut the underground market financially. 	<ul style="list-style-type: none"> B.R.C. 6-14-8 (j)
5. Determine maximum quantity of Product a retailer can have	<ul style="list-style-type: none"> No Comment 	<ul style="list-style-type: none"> B.R.C. 6-14-8 (j)
6. For the above numbers 3-5, consider security and safety issues, selling enough to undercut the illegal market, and policies based on economics which allow the industry to flourish while pushing out the illegal sellers through market forces	<ul style="list-style-type: none"> Numbers 2-5 should be determined concurrently. The Board may wish to commission its own research for these purposes or work with other state bodies such as the department of agriculture. If all other aspects of the industry are regulated strictly, the amount of product grown, produced, and sold should be mostly regulated by the market. Despite the above, flat size restrictions should be placed in order to avoid mega-growers or large scale retailers which out-compete smaller businesses. 	<ul style="list-style-type: none"> B.R.C. 6-14-8 (j)
7. Create rules regarding containers and labeling	<ul style="list-style-type: none"> This section already requires the label to include: identifying business info for the licensees that grew, processed, and sold the Product, the lot numbers of the marijuana, the THC concentration, medical info about the use of marijuana, and note of habit-forming properties. Labels should include a tracking system, perhaps a bar code, which allows relevant authorities to easily and immediately identify the Product, including its contents, its source, and its destination when in transit. Generally, the Board should let the market work here – requirement should be general, as those noted above. Other requirements 	<ul style="list-style-type: none"> B.R.C. 6-14-8 (m)

	might include all containers and marking must comply with federal and state food safety standards.	
8. Develop a system to measure and grade marijuana and Products based on empirical and scientific measurements	<ul style="list-style-type: none"> • Could potentially use this system to determine if and when Illegally-grown product ever enters the legal marketplace. 	B.R.C. 6-14-9 (f)
9. Establish rules regarding advertising of marijuana and marijuana businesses	The laws should mirror those for Alcohol and cigarettes.	
10. Establish rules surrounding transport and delivery of marijuana	<ul style="list-style-type: none"> • In tandem with the tracking and labeling system, the full life-span of every ounce of marijuana, from grower to retail sale, should be documented and traceable. • This level of tracking makes the transport of product less risky. 	<ul style="list-style-type: none"> • B.R.C. 6-14-8 (m) • B.R.C. 6-14-9 (f)
11. Develop laboratories to test and inspect marijuana and Product (for health purposes)	<ul style="list-style-type: none"> • No Comment – The cost of testing can be shifted to the growers and processors. Third party testing is advisable. 	
12. Regulations on how and when law enforcement can become involved, particularly with the seizure and/or destruction of Products when Product is found illegal (ie, outside legal marijuana laws)	<ul style="list-style-type: none"> • When a license is suspended, cannot remove Product from premises without police supervision • When license is revoked, all Product goes to police or relevant state law enforcement agency/division 	<ul style="list-style-type: none"> • B.R.C. 6-14-14 (d)

<u>I-502 – Rules the Board MAY Adopt</u>	<u>Recommendation(s)</u>	<u>Relevant Colorado law, if any</u>
1. Regulations for equipment and management of marijuana business, and rules for inspection of retail outlets	<ul style="list-style-type: none"> • Businesses can be inspected at any time. No need for warrants. • Inspectors can view any records, any part of premises (including locked or secured areas), and surveillance footage. • Inspections are made consistently but randomly. Inspection of businesses is regular, not just an option. • Businesses can be audited at any time. 	<ul style="list-style-type: none"> • H.B. 10-1284, 12-43.3-701 • B.R.C. 6-14-9 (e)
2. Regulations concerning books and records required to be maintained, reports made to the Board, and inspection of said books and records	<ul style="list-style-type: none"> • Everything related to the business must be documented and recorded. Special concern placed on tracking Product quantities and sales • Must have several years of books on hand at all times (at least 3) 	<ul style="list-style-type: none"> • H.B. 10-1284, 12-43.3-701 • B.R.C. 6-14-9 (a), (f)
3. Regulations governing methods of producing, processing, and packaging, sanitation conditions, quality of Products	<ul style="list-style-type: none"> • Allows room to further define rules on labeling and tracking. All Product can be tracked at any time to its origin grower business, lot, and date of harvest 	
4. Security requirements for marijuana businesses, safety protocols	<ul style="list-style-type: none"> • 24/7 alarm system on all premises, monitored off-site. • Security cameras covering the entire premises. Recorded to an off-site location. Footage kept for at least 30 days. • Fully illuminated building exterior 24/7. Impossible to approach premises without being clearly seen and recorded. 	<ul style="list-style-type: none"> • 6-14-5 (a)(7), (a)(8) • B.R.C. 6-14-10 (a), (b), (c)
5. Rules regarding screening, hiring, training, and supervising employees of businesses	<ul style="list-style-type: none"> • Individual employees should be subject to similar background checks. A criminal violation, or any violation of legal or business regulations, should result in automatic termination. • Special identification document(s) for employees of a marijuana business. 	<ul style="list-style-type: none"> • H.B. 11-1043, Section 4 12-43.3-202 • H.B. 11-1043, Section 10 12-43.3-310
6. Any rules for retail outlet locations and hours of operation	<ul style="list-style-type: none"> • Consider setting hours of operation similar to alcohol sales hours, for similar reasons. 	
7. Additional labeling requirements or restrictions on advertisement		
8. Forms, terms and conditions of licenses, qualifications for receiving a license	<ul style="list-style-type: none"> • Already states that the Board <u>may</u> require a fingerprinted background check. • The Board should make this <u>mandatory</u>. 	<ul style="list-style-type: none"> • H.B. 11-1043, Section 9 12-43.3-307 • H.B. 11-1043, Section 10 12-43.3-310
9. Any fees		

10. Manner of giving and serving notices	<ul style="list-style-type: none"> Registered US mail. Notices can't be intercepted or faked. 	
11. Specific rules for when and how marijuana can be transported	<ul style="list-style-type: none"> Consider how limited options need to be for transportation to inhibit criminal activity but also allow business to operate uninhibited. 	<ul style="list-style-type: none"> B.R.C. 6-14-8 (m)
12. Regulations on how and when law enforcement can become involved, particularly with the seizure and/or destruction of Products when Product is found illegal (ie, outside legal marijuana laws)	<ul style="list-style-type: none"> When a license is suspended, cannot remove Product from premises without police supervision When license is revoked, all Product goes to police or relevant state law enforcement agency/division 	<ul style="list-style-type: none"> B.R.C. 6-14-14 (d)

Appendix of Relevant Colorado State Laws and Regulations

The following is a summary of Colorado State and the City of Boulder laws and regulations concerning medical marijuana which are relevant to the goals of Washington's Board. In the below sections, the laws and a summary are in blue, while commentary and further explanation is in red. Particularly notable rules are marked with a yellow star - ★

Regarding the issuance of licenses, employees and financiers:

	<u>Relevant Colorado Law with Summary</u>	<u>Explanation and Commentary</u>
	House Bill (H.B.) 11-1043, Section 8 12-43.3-306 – licensing authority has full discretion to grant or deny applications. Must give notice in writing, and the applicant can appeal rejection or other decisions	While the licensing authorities have absolute authority, their decisions are appealable.
	H.B. 11-1043, Section 6 12-43.3-302 – every time a store/person applies for a license (to cultivate, manufacture, or distribute), a public hearing can be scheduled, the public in the local area is notified, and a conspicuous sign is placed in front of the premises	Heavy emphasis is placed on fitting the business into its neighborhood without disruption to the local peace and with consent of the neighborhood
★	H.B. 11-1043, Section 9 12-43.3-307 – primary applicant (owner) must have been a resident of the state for at least 2 years prior to application date. (2)(a) licensing authority can get criminal history from any criminal justice agency. Applicant can offer evidence of rehabilitation, character references, etc. (c) fingerprinting and background check are required for <u>all applicants and involved individuals</u> . Fingerprinted background check is through the FBI.	Essentially every person involved in the business must have a criminal background check, including a fingerprint check through the FBI.
★	Won't give a license to "a person whose criminal history indicates that he or she is not of good moral character," or a corporation if an officer director or stockholder meets same criteria, or to "a person employing, assisted by, or financed" by any person who meets same criteria. <u>This is all at the discretion of the licensing authorities</u> . Won't license anyone who hasn't paid taxes, government judgments, or defaulted on a student loan. Won't give to anyone with a felony in last 5 years, or any controlled substance felony ever.	The licensing authority can determine if applicants have good moral character and use this distinction to base their decisions. There are automatic denials for people who haven't paid taxes, defaulted on loans or judgments, or who have a recent felony conviction or any controlled substance felony.
	H.B. 11-1043, Section 4 12-43.3-202 – all individuals involved must have ID cards	Helps to keep tabs on everyone involved with business.
★	H.B. 11-1043, Section 10 12-43.3-310 – if anyone stops working or being associated with licensed business, must turn in ID card immediately. Any individual involved must pass background check Every license is specific to a single establishment	ID cards are strictly controlled – ie, to prevent fraud or abuse of IDs. Any changes in management or financial interest must be reported well ahead of time and must be approved by licensing authorities.

Any transfer or change of financial interest reported to licensing authorities 30 days prior, subject to approval	
Must notify change of management 30 days prior, subject to approval	
H.B. 10-1284, 12-43.3-308 – will deny application of previous application for license within same 1,000 foot area was denied	Automatic denial if applicant was previously denied for a business in the same location.
Applicant must prove possession of premises	Must show ownership of premises, lease or rental agreement, permission from owner, etc.
Must consider applicable zoning laws	
H.B. 10-1284, 12-43.3-313 – complete disclosure of all persons with direct or indirect financial interest, and extent of such interest. Person cannot have unreported financial interest, unless they've gone through background check process (fingerprinting, etc).	All of these individuals must have a background check as well.

Rules regarding regulation and inspection:

<u>Relevant Colorado Law with Summary</u>	<u>Explanation and Commentary</u>
H.B. 10-1284, 12-43.3-601 – licensing authorities can revoke or suspend license for any violation by owner, employee, or other involved party. The licensing authority can administer oaths and issue subpoenas to get records or info from licensees. No need for warrants. All actions regarding fines, suspensions, and revocations are recorded at multiple state-level bodies (secretary of senate, house of representatives, joint legislative library)	Suspension or revocation of license at any time for any violation by anyone involved. Licensing authority doesn't need warrants or judicial involvement to get information it wants. Every disciplinary action becomes a permanent record.
H.B. 10-1284, 12-43.3-701:	
(1) licensees must keep accurate and current books and records, available at any time during business hours for inspection. If licensing authority decides to audit licensee, licensee must pay for audit	Licensing authority can inspect records any time without warning.
(2) any marijuana premises can be inspected by licensing authorities during normal business hours, or during "apparent activity." Locked areas must be opened immediately upon request	Business premises can be inspected any time without warning.
(3) licensee must keep on hand books and records for current tax year to present, and three previous tax years	Full records and accounts for last three years on-hand at all times for inspection

Note that the above are state-wide regulations. As noted earlier, much of the authority and discretion in developing the regulations are left with local authorities. Below is a list of relevant laws implemented in the city of Boulder, Colorado.

Appendix of Relevant Boulder, Colorado Laws and Regulations

<http://www.colocode.com/boulder2/chapter6-14.htm>

Chapter 6-14 of the Boulder Revised Code (B.R.C.) essentially gives the City Manager sole authority to act as the local licensing authority. The guidelines and rules are much stricter, particularly concerning security and background checks. The City Manager can deny or revoke a license based on lack of "good moral character" in any of the involved individuals or parties.

Regarding the issuance of licenses, employees and financiers:

<u>Relevant Boulder, CO Law with Summary</u>	<u>Explanation and Commentary</u>
6-14-3 License Required	Good for Washington too
(a) cannot operate outside of licensing	Good for Washington too
(c) licensing does not make you immune from any other law	Good for Washington too
(d) separate license required for each location	Good for Washington too
(e) licenses are non-transferrable	Transfers should be allowed with approval by the Board
6-14-4 General Provisions	
(c) regular business insurance is required	Good for Washington too
(d) licensee has to pay city for any inspection or cleanup, etc.	Good for Washington too
6-14-5 Application - requirements for applying for a license. All of these conditions must be met before a license can be issued:	Essentially, the building/premises must meet every requirement set by the code PRIOR to being even considered for a license
(a)(1) provide the names and addresses of the owner(s), which can be individuals, a corporation, or an LLC	All owner(s), including members of a business, are named and listed (and subject to background checks)
(a)(2) names of any managers, financiers, or individual agents	Same for anyone with a financial interest or who intends to work for the business
(a)(3) statement if ANY of the above persons have ever been denied a marijuana license or had one suspended or revoked, or same for liquor license, if they've ever violated any law other than traffic law, or any violation in connection with abuse of alcohol or a controlled substance	These can be automatic denials
(a)(4) proof of ownership or possession of premises for the building	Good for Washington too
(a)(5) proof of insurance – workers comp, public liability, property damage	Good for Washington too
(a)(6)(A) description of products/services	No Comment
(a)(6)(B) dimensioned floor plan, showing layout of the floor, layout of each area and where each activity will occur, separation of areas	Must have an exact layout of the business
(a)(6)(C) neighborhood responsibility plan – plan for	Requirements of this section aren't well defined,



	neighborhood outreach, methods for future, communication, and dispute resolution	but it emphasizes the need for the business to fit into the surrounding neighborhood and community
	(a)(7) security plan showing how applicant will adhere to security requirements (see below)	Good for Washington too
	(a)(8) lighting plan showing how applicant will adhere to lighting requirements (see below)	Good for Washington too
★	(a)(10) fingerprints and personal histories of all owners, managers, financiers, and anyone who has direct or indirect interest as an agent, member, partner, or officer of a corporation, etc.	Good for Washington too
★	(a)(11) plan for disposal of Product that isn't sold "in a manner that protects any portion thereof from being possessed or ingested by any person or animal"	Having and following this plan ensures that no marijuana can be removed from the business without it being sold legitimately, or else made unusable and destroyed
	(b) evidence of rehabilitation can be provided if there is anything less-than-perfect in an individual's background check	No comment
	(d) City inspects the premises before issuing license. Premises must be ready for operation at inspection, but without any Product yet	Again, business must essentially be ready to open before the license will be issued
	6-14-6 Persons Prohibited as Licensees and Business Managers	
★	(a) no license held by or premises managed by: (a)(1) anyone who hasn't paid the annual fee (a)(2) anyone "not of good moral character" (a)(3) – (6) gives wide leeway for City Manager to deny applicants who are in any way "not of good moral character"	Ultimately it is the City Manager's determination what constitutes good moral character, based on the below guidelines.
	(b) in determining "good moral character," the City Manager considers: (b)(1) violation of the law is not automatic denial (b)(2) ability or inability to verify information provided by applicant (b)(3) the details of any past misconduct, legal violations, or past licensing issues. Consider whether past violations are related to moral turpitude, substance abuse, or general ability to operate a marijuana business (b)(4) evidence, or lack of, of applicant to operate business not under influence of intoxicating or controlled substances (b)(5) any other rules City Manager determines (b)(6) can look to other government-issued licenses which consider applicant's moral character (b)(7) any other info City Manager may request	Significant information needs to be verified for certainty. "Moral turpitude" can be widely defined. Again, mostly at City Manager's discretion, and City Manager can request other info or make other rules as well.

Rules regarding regulation and inspection:

<u>Relevant Boulder, CO Law with Summary</u>	<u>Explanation and Commentary</u>
6-14-4 General Provisions	
(f) business must be operating within 30 days of license issuance, otherwise the license is forfeited	Can't delay or put off once license is issued, must start business within reasonable time
6-14-8 Requirements Related to Operation of Medical Marijuana Businesses	
(j) can't hold any more marijuana in stock than determined in license – based on number of patients, basically demand	In other words, a retailer is limited in how much it can stock based on how much the licensing authorities know it can sell.
(k) business must report the following: (1) transfer or change of financial interest, manager, or financier (2) sales and taxable transactions and file sales and use tax reports (3) violation of any law by licensee or applicant (4) notice of potential violation of any law to any licensee (5) any required reports (6) reports of all criminal activities or attempts to violate any law	Any significant change, violation, or potential violation must be reported timely to licensing authorities. Must continuously submit any required reports or financial/tax information
(m) if transporting marijuana, must meet following requirements: (1)-(3) hand-packaged, sealed and labeled containers with contents, name and address of to/from. Must show to any law enforcement officer who requests to see it	When transporting, Product must be sealed and labeled appropriately. Required to provide info to law enforcement if requested.
(n) prior to removal from premises, any discarded Product must be made "unusable and unrecognizable"	As noted above, this means that Product cannot leave a business except by legitimate means, otherwise Product is destroyed
(q) business owner manager is required to respond to the City's contact request within 24 hours	Good for Washington too
6-14-9 Right of Entry – Records to Be Maintained	
(a) licensee must keep "complete set of books of account, invoices, copies of orders and sales, shipping instructions, bills of lading, weigh bills, correspondence, bank statements including cancelled checks and deposit slips and all other records necessary to show fully the business transactions of such licensee." Must clearly track everything – inventory, sales, revenue, etc. all records open at any time during business hours for inspection and examination by the City	Any and all records must be kept at all times, available for inspection without notice
(b) bank account for business must be entirely separate from any other account	Bank account and business financials cannot be linked to any other business or account
(c) by applying for license, applicant gives consent to disclose all info regardless of other laws	Essentially applicant is waiving right to certain other protections regarding confidential information disclosure
(d) City can audit licensee. Licensee must pay for the audit.	

(e) can be inspected any time without a warrant, all books and records, any security or surveillance footage. Anything can be seized.	Can be inspected and searched any time, no warrant necessary.
(f) must maintain thorough reports on source and quantity of any marijuana distributed, produced or possessed within the premises. Must include name and address of seller or purchaser, date weight and type of marijuana and dollar amount of the transaction, and any sales and use tax info	Good for Washington too – purchasers of the retail product should not be tracked but a chain-of-custody from grower to the point of sale should be maintained.
6-14-10 Requirements Related to Monitoring and Security of Restricted Areas and Inventory	
Everything operating 24 hours a day: (a) security cameras. Must record all premises (except restrooms). Good positions to identify facial features and clothing. Must record to off-site premises. Must keep recordings at least 30 days. (b) safe. Any marijuana and cash must be kept in the safe when the business is closed. Safe should be incorporated into the building structure. (c) alarm system. Must be monitored by a 24/7 staff/alarm company.	Ensuring security and safety of premises, and also documenting all activities of the business. Per above, licensing authorities can inspect surveillance footage at any time without notice or warrant. A safe build into a structure is a good idea but not practical at the outset. This is a factor that might be considered in an overall security plan
6-14-13 Prohibited Acts	
Specifically names things which are still illegal. Basically breaking any part of the code, or doing anything outside of the specific provisions, is illegal.	Good for Washington too
6-14-14 Suspension or Revocation of License; Imposition of Fines	
(a) can suspend or revoke license for the following violations: (1) conviction of business, licensee, owner, manager, or financier of any violation of this chapter or any regulation applicable to medical marijuana (2) misrepresentation or omission of relevant fact (5) operation of marijuana business outside of the act or subsequent regulations (6) failure to maintain books/records as required (7) failure to timely notify City of changes in financial interests, management, etc (9) revocation or suspension of another license held by same licensee (10) failure to timely correct any violation of any law	Lists circumstances when license can be suspended or revoked. City Manager's decision.
(c) can be fined up to \$5,000 per licensee per violation per occurrence	Good for Washington too
(d) if license revoked or suspended, can't remove marijuana from premises except under supervision of police	Good for Washington too

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 12:46 PM
To: 'Phil Wayt'
Subject: RE: Comments on proposed 502 rules

Phil,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Phil Wayt [<mailto:pugfever@comcast.net>]
Sent: Monday, June 10, 2013 4:02 PM
To: rules
Subject: Comments on proposed 502 rules
Importance: High

To: Washington State Liquor Control Board Rules Coordinator (rules@liq.wa.gov)

From: Phil Wayt on behalf of the **Northwest Producers & Processors Association**

Date: June 10, 2013

On behalf of the Northwest Producers & Processors Association please accept the **attached** comments relative to the initial draft rules for the implementation of Initiative 502. Generally, the Association is very pleased with overall direction taken by the Liquor Control Board in this initial proposal. We complement the board members and staff for the obvious effort put into these rules thus far. With that said, there are several specific proposed WAC's that we feel should be revised and further clarified.

As always, the Association members, board of directors and I stand ready to answer questions and provide information as requested. As your contact for our Association, please feel free to contact me anytime for additional information.

Thank you in advance for your attention to and consideration of the attached document.

Phil Wayt, Lobbyist

Northwest Producers & Processors Association

waytconsulting@comcast.net

360-870-0302



Initial draft rule comments of the **Northwest Producers and Processors Association**

June 10, 2012

1. **WAC 314-55 (General Comments)**

- a. Define the total number of plants each producer, producer/processor can grow at a licensed site.
- b. Define the total amount of Cannabis and/or Cannabis products a facility (Production, Processing, Retail) is allowed to have on hand.
- c. Define rules to allow concentrates (i.e. Hash & Hash Oil(s)) to be retailed. We strongly feel that if this is not addressed, there will be a large opportunity for the black market as well as missed tax revenue by the state.
- d. Rules should allow for samples to show a potential customer under a retail environment. This will greatly impact gross sales and tax revenue as current Cannabis users commonly need and want to smell and see the product before purchase. If every part of the process is under video surveillance and tracked seed to sale, along with a destruction standard, there should be no real risk in making a small amount available to see & smell.

2. **WAC 314-55-070 (2)**

- a. It is our opinion that a year wait for reapplying for a license is extreme. We would request that the WSLCB consider a 45-90 day period.

3. **WAC 314-55-081**

- a. The issuance of additional licensees beyond the initial applications should be based on some type of merit based criteria.
- b. A limit should be placed on the number of licenses that can be issued per person or entity.

4. **WAC 314-55-083 (3) (e)**

- a. The 72-hour quarantine requirement seems capricious. Given the fact that product is in constant flux due to its organic nature, requiring the product to not be handled or moved "under any circumstances" is highly unrealistic. Furthermore, this type of requirement would be necessary under a system utilizing video tracking technology only. However, seed-to-sale tracking removes the necessity for quarantine of product of any time period.

Comments of Northwest Producers & Processors Association (continued)

Additionally, the requirement that a transport manifest be affixed to each product is also an unnecessary burden; a manifest is normally processed and kept on hand for the transporter to offer immediate proof of legitimacy in transit. Seed-to-sale tracking with a proper barcode/label affixed to each product negates such a need/requirement for a (redundant) copy of the entire manifest on each product in transit.

5. **WAC 314-55-85 (5) (a)**

- a. We request that a licensed and/or bonded third party be allowed to transport between facilities.

6. **WAC 314-55-097**

- a. We ask that a licensed third party be able to come and destroy waste and/or remove compost from a facility.

7. **WAC 314-55-104**

- a. We feel that 500ppm is not an aggressive enough standard. Current industry standards/acceptable levels are 100 ppm.

8. **WAC 314-55-105 (6), (7) (f), (8) (g)**

- a. It is our opinion that if proper lab test has found the Cannabis and/or Cannabis products to have no remaining pesticides, herbicides, and fungicides or other compounds used for pest control, it should not have to be included on the label. We cannot seem to find a product on the market today that has this requirement.

9. **WAC 314-55-105 (9) (a)**

- a. We find the need for UBI from all parties to be included on the labeling as excessive. As stated above, we cannot find another product that is required to meet this standard.

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 12:42 PM
To: 'Sehmel, Lindsey'
Subject: RE: City of Gig Harbor's Comments on Draft Rules pertaining to I-502

Lindsay,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Sehmel, Lindsey [<mailto:sehmel@cityofgigharbor.net>]
Sent: Monday, June 10, 2013 3:54 PM
To: rules
Cc: Richards, Dennis; Kester, Jennifer; Davis, Michael L; Hunter, Chuck; Williams, Dave; 'candiceb@awcnet.org'
Subject: City of Gig Harbor's Comments on Draft Rules pertaining to I-502

Rules Coordinator,

Please find attached, the City of Gig Harbor's formal comments relating to Planning and Land use regarding the Draft Rules of implementation of I-502.

Thank you for the opportunity to comment.

Respectfully,

Lindsey Sehmel
Senior Planner – Long Range
City of Gig Harbor – 3510 Grandview Street – Gig Harbor, WA 98335 –
sehmel@cityofgigharbor.net
253.853.7615 (office)
253.858.6408 (fax)

"Dedicated to public service through teamwork and respect for our community."



DEVELOPMENT SERVICES

June 7, 2013

Rules Coordinator
Washington State Liquor Control Board
P.O. Box 43080
Olympia, WA 98504-3080

Re: Draft WAC 314-55, Marijuana Licenses, Application Process, Requirements and Reporting

Dear Rules Coordinator:

The City of Gig Harbor would like to thank you for the opportunity to provide comments regarding the Draft rules relating to the implementation of I-502. These are the City's comments relating to land use planning. Our comments generally relate to the definitions sections of WAC 314-55; we believe consistency and general common sense need to be better incorporated into the definitions by creating law regarding Marijuana retail/distribution that the applicants can understand as well as navigate through easily.

The City of Gig Harbor supports the language used in WAC-314-55-010 specifically relating to the definition of "Library", "Public Transit Center" and "Recreation Center Facility". The City of Gig Harbor cannot support the definitions found within the above referenced WAC relating to "Child Care Center", "Game Arcades", "Playground" and "Public Park". Further explanation on our concerns follows:

"Child Care Center" – The term used to define "child care center" under I-502 does not correlate to the previously adopted definition found within Chapter 43.215 RCW for "Childcare Daycare Center". Gig Harbor recommends these two definitions are coordinated to reflect clarity. The newly created definition addresses only facilities with curriculum associated with preschools. The City of Gig Harbor believes the WSLCB has created an oversight on facilities and services provided for the mentally disabled children and younger/older children outside of preschool age. We recommend all state licensed child care facilities are included under the new definition. Additional consideration needs to address how this regulation incorporates seasonal childcare uses.

"Game Arcades" – Video game arcade centers are typically a secondary use found within a primary entertainment venue such as a movie theater or bowling alley. The City of Gig Harbor recommends WSLCB amend the language to include "Game Arcades" as primary and secondary uses within entertainment venues not limited to the age limit of 21 years or older.

“Playground” – Private companies have established for profit playgrounds that do not contain outdoor facilities. Being that the primary consumer of these private entities are young children with their parents, **the City of Gig Harbor requests the WSLCB to amend this definition to all playgrounds open to the general public, including indoor and outdoor playgrounds.** Ownership and management by a city or county government should not be a requirement.

“Public Park” – The City of Gig Harbor contains the highly-utilized and well performing Cushman Trail which runs generally parallel to State Route 16 before crossing the Burley Lagoon. The land is owned by Tacoma Power but has been built and established as a trail through the coordinated efforts of Pierce County, Tacoma Power and the City of Gig Harbor. The portion of the Cushman Trail on the Gig Harbor Peninsula is currently maintained by the Pen-Met Parks and the City of Gig Harbor. It is strongly recommended that the state amend the definition to include **all publically owned land utilized for passive and active recreation purposes** and not restrict to ownership and management to only city, county, state or federal government. Specifically, do not exclude special purpose tax districts relating to public parks such as Metro Parks of Tacoma or Pen-Met Parks of Pierce County.

Additionally, the City of Gig Harbor supports the standards outlined under draft section 314-55-160 WAC allowing jurisdictional review and comment. However we request that an established timeframe for city/jurisdictional notification is established. Gig Harbor requests that the WSLCB submit timely notifications after a complete application is received. **We request these notifications be sent to the City within a window of 10 to 15 days of a complete application,** allowing for timeliness of review (allocated 20 days under WAC 314-55-160 and RCW 69.50.331).

In addition to the WSLCB giving the Cities comments “Substantial Weight” in their analysis, as written in I-502, this language needs to be correctly portrayed in the draft rules. In RCW 69.50.331(9), when determining whether to grant or deny a license or renewal of any license, the WSLCB is required to give “substantial weight” to objections from an incorporated city, town or county legislative authority, based on “chronic illegal activity.” In the draft Rules, the term “substantial weight” is omitted, and the WSLCB is to “give due consideration” to a municipality’s objections to a renewal of a license. These are two different standards of review and should not be used interchangeably. **Gig Harbor requests the WSLCB correct the draft rules to properly reflect the language “substantial weight”.**

Gig Harbor requests that the WSLCB require that the applicant demonstrate that He/She has or will be able to obtain a building permit from the local jurisdiction. Marijuana production must take place within a “fully enclosed secure indoor facility or greenhouse with rigid walls, a roof and doors.” There are requirements for the licensee to submit floor and/or site plans of the structure with security details and an operating plan. Yet there is no requirement that the licensee obtain the necessary permits for this structure from the local municipality with jurisdiction, apparently because this will occur after issuance of the license by the WSLCB.

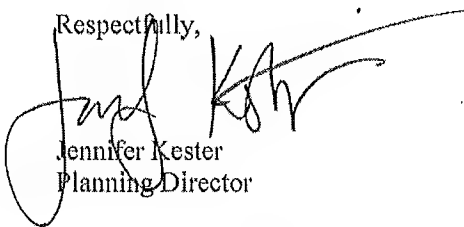
However, the WSLCB should be aware that it may be approving a license based on a floor and/or site plan that may not subsequently be approved by the local jurisdiction. Requiring a letter of acknowledgement from the proposed jurisdiction that the location and building meet local jurisdiction development regulations would reduce cost to the applicant and review time for the WSLCB, due to the fact that the WSLCB would only be reviewing applications that have the possibility to see fruition.

It is the City's intention to amend the Gig Harbor Municipal Code to require applicants of all marijuana related business endeavors to provide a map stamped by a licensed surveyor noting that the location meets a 1,000 (one-thousand) foot perimeter and identifying the facilities defined in I-502 was WAC 314-55-060 which are near the location. In regards to the 1,000 foot buffer – the draft rules do not address condominiums that are part of a larger binding site plan. **Gig Harbor requests the WSLCB address these measurement issues by requiring the measurement of 1,000 feet occur at the outer boundary of the parcel of record for the Binding Site Plan (parent parcel).**

Gig Harbor's last comment on the issue relates to SEPA compliance. WSLCB should consider adding into the rules that applicants shall submit a SEPA checklist as part of their application review. Additionally, WSLCB is not exempt from SEPA for the establishment of the rule making. **The City of Gig Harbor requests to be a party of record when WSLCB issues the SEPA checklist and determination regarding the draft rules.**

Thank you for the opportunity for the City of Gig Harbor to comment on the draft rules.

Respectfully,



Jennifer Kester
Planning Director

Cc: Mayor Chuck Hunter, City of Gig Harbor
City Administrator, Dennis Richards, City of Gig Harbor
Chief of Police, Mike Davis, City of Gig Harbor
Association of Washington Cities

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 12:40 PM
To: 'Steve Trinen'
Subject: RE: Comments Re: Draft rules

Steve,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Steve Trinen [<mailto:strinen@co.pierce.wa.us>]
Sent: Monday, June 10, 2013 3:49 PM
To: rules
Subject: Comments Re: Draft rules

Pierce County

Office of the Prosecuting Attorney

REPLY TO:

CRIMINAL FELONY DIVISION

930 Tacoma Avenue South, Room 946

Tacoma, Washington 98402-2171

Victim-Witness Assistance: 798-7400

FAX: (253) 798-6636

MARK LINDQUIST

Prosecuting Attorney

Main Office: (253) 798-7400

(WA Only) 1-800-992-2456

June 11, 2013

Rules Coordinator
Liquor Control Board
P.O. Box 43080
Olympia, WA 98504-3080

Re: Comments on I-502 Draft Rules

Dear Rules Coordinator:

A. SHORT LIST OF ISSUES OF CONCERN

1. The criminal history evaluation and eligibility rating for license applicants is problematic and should be restructured.
2. No requirement that employees of licensees must pass criminal history test.
3. Insufficient provisions relating to license objections by local governments
4. The rules fail to prohibit infused products that have a particular appeal to children
5. Additional child safety measures should be adopted for packaging
6. The rules fail to require compliance with state food safety rules for the processing of infused products intended for human consumption.

B. MORE DETAILED EXPLANATION OF ISSUES OF CONCERN

1. License Ineligibility Based Upon Criminal History.

The criminal history provisions are simplistic and naive. Only felony convictions less than 10 years old count as criminal history for purposes of licensing eligibility. Therefore, felonies more than 10 years old do not count in the criminal history regardless of how long the defendant has been out of custody, the seriousness of the crime committed, or the total number of felonies over 10 years old.

An applicant is also ineligible if they are currently under state or federal supervision for a felony. Currently the supervision period for various felonies is limited as follows:

- 36 mos. - sex offenses other than indeterminate
- 36 mos. - serious violent offenses
- 18 mos. - violent offenses
- 12 mos. - other felonies subject to supervision

- a. Date of Conviction Problem. By focusing on the date of conviction, the rules make no allowance for someone who has served a lengthy prison sentence, was released in the last year or two, but has completed community custody or supervision. Such defendants would be a recently released offender, but nonetheless eligible for a license a year or two after release from custody.
- b. No weighting of felony convictions. All felonies are excluded from the criminal history 10 years after conviction. Instead the history expiration period for felonies should be weighted by seriousness of the crime.
- c. No weighting for quantity of prior felony convictions. The expiration period does not account for the quantity of prior felony convictions. Thus, someone may have committed an unlimited number of felonies, however, not committed any felonies within the last 10 years, but did commit an unlimited number of misdemeanors up until the last three years, and none of that history would count to disqualify the applicant.
- d. Some felons are supervised only if risk assessed high. See RCW 9.94A.704 Therefore, those felons who are not, could be eligible to apply for a license immediately upon being released from 10 years of incarceration.
- e. Proposed fix. The criminal justice system under the SRA is relatively good at handling criminal history. Therefore, The LCB should piggy back on that system and adopt the criminal history determination mechanism from RCW 9.94A.525(1)-(5). However, for scoring purposes each felony should be multiplied by 12 points, each gross misdemeanor by 5 points, and each simple misdemeanor by 4 points
 - A provision re: comparability for out of state convictions needs to be addressed, since RCW 9.94A.525 is problematic for reasons that can be explained further by an attorney familiar with the criminal law. However, an easy solution to the "comparability problem" would be to count as a felony any felony that is considered as such in another state.

- f. Additional Background on the System proposed in the Draft Rules. There is a point system for felony and misdemeanor convictions, with a point total of 8 or more points generally rendering a person ineligible for a license. Any felony within the last 10 years counts as ten points, and therefore renders an applicant generally ineligible.

However, there is no provision for felonies that are more than 10 years old. It seems to me that a number of felonies should disqualify an applicant, regardless of how old they are. Examples would be:

- serious violent offenses,
- violent offenses,
- leading organized crime racketeering,
- sex offenses,
- any felony involving a gang aggravator or enhancement
- Manufacture, or delivery of a controlled substance (other than marijuana)
- Any conviction of a class A or B felony in which a controlled substance addiction contributed to the offense
- other offenses to be specified and/or determine later

gross misdemeanor DV conviction should probably be more than three years.

2. No Requirement That Employees Of Marijuana Licensees Must Pass Criminal Background Check.

The only requirement or limitation regarding employees is that they be over 21 years of age.

There are no provisions as to the criminal history background that the employees of must meet. This can be a back door to criminal activity, and/or criminal control of the operation. The background check provisions should also apply to the employees, at least for now.

3. Insufficient Standards Re: Local Government Objections To Licenses.

- a. The rules say the board "will/may" notify local government of license applications. That language effectively reduces to the lowest common denominator of "may" meaning that the board is not required to notify local government of pending license applications. This language needs to be clarified.

- b. The proposed rules include no standards with regard to how objections from local government will be evaluated, or considered. The WAC just says that, "...the board will give due consideration to input from governmental jurisdictions in which the premises is located; and other persons or groups."
- c. The rules make no reference to the consideration to be given to local laws or regulations such as zoning, business licensing, etc. Nor do they consider the fact if licenses are issued over local government objection, it could compel the local government to engage in activities that constitute accomplice liability, e.g. provision of utilities, services, etc. The ambiguity re: local government is highly problematic.
- d. In the absence of clear standards, there is a significant possibility that LCB denials of marijuana licenses based on local objections will be unlawful as arbitrary and capricious, and might expose local jurisdictions to tort liability for frivolous objections (admittedly, I am speculating as to this as I am not an expert in such liability for local government).

4. Insufficient Prohibition Of Ingestible Products That Are Designed To Appeal To Children

- a. Edibles attractive to kids should be prohibited, i.e. no candy, cookies, cakes, other sweets, soda pop, juices, energy drinks, crackers or chips or other snack like products. These items pose a dangerous attractive nuisance to children and also serve to indirectly market the items to children.
- b. Brightly colored products should be avoided. Edibles should be drab grey, brown, or green, etc. and look more like vitamins or supplements
- c. The board should require flavor profiles for edibles that are typically palatable to adults, but are typically less appealing to kids, e.g. slightly bitter, as with salad greens, spiced, smoky, unusual more strongly flavored cheeses such a blue, etc.
- d. The rules on advertising prohibits depictions in ads designed in any manner to be especially appealing to children or other persons under age. So the preceding points in this memo simply expand that idea to the actual form of the edible products.

5. Insufficient Safety Packaging For Children

- a. Child resistant packaging should be required
- b. Child deterrent labeling. Packing labels for edibles should include Mr. Yuck images or something analogous (since technically Mr. Yuck is for poisons and kids will see adults eating these, which could confuse the Mr. Yuck message. The graphic should be of a specified size
- c. Why?
After Colorado (in a previous initiative) decriminalized medical marijuana, there was a significant increase in hospitalizations of children from unintended consumption of marijuana products.

Since Colorado has decriminalized recreational marijuana, there has been a significant increase in the deaths of dogs from unintended ingestion of edibles.

6. Insufficient Provisions For Food Safety Compliance

All food stuffs must be made, prepared and handled in a manner approved and authorized by the WA Department of Health.

No requirement that edible infused products comply with separate food safety requirements under the authority of other regulatory entities, such as Dept. of Health.

Very truly yours,

Stephen Trinen
Deputy Prosecuting Attorney

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 12:36 PM
To: 'srusche@nationalfamilies.org'
Subject: RE: Comments on I-502 Draft Rules

Sue,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Sue Rusche [<mailto:srusche@nationalfamilies.org>]
Sent: Monday, June 10, 2013 3:37 PM
To: rules
Subject: Comments on I-502 Draft Rules



Please find attached National Families in Action's comments on the I-502 Draft Rules. Thank you for the opportunity to comment.

Sincerely,

Sue Rusche

Sue Rusche
President and CEO
P.O. Box 133136
Atlanta, Georgia 30333-3136
404-248-9676 Office
404-771-7862 Cell

Our Projects:
But What about the Children? Campaign
Protecting kids if marijuana is legalized

The Addiction Studies Program for the States
Co-sponsored by National Families in Action
Wake Forest University School of Medicine
Treatment Research Institute
National Conference of State Legislatures

Past Projects:
The Addiction Studies Program for Journalists
Co-sponsored by National Families in Action
Wake Forest University School of Medicine

The Parent Corps

Pilot Program

Like *But What about the Children* on Facebook
Follow us on Twitter



June 10, 2013

Washington State Liquor Control Board

P.O. Box 43080
Olympia, WA 98504-3080

Dear Members of the Board,

Thank you for the opportunity to comment on the I-502 Initial Draft Rules regarding the establishment of a commercial marijuana marketplace in Washington State.

First, National Families in Action endorses all comments submitted to you by the Washington Association for Substance Abuse and Violence Prevention (WASAVP). We find the association's comments to be thorough, thoughtful, and comprehensive and believe that the State of Washington will be able to protect children more effectively if these comments and suggestions are incorporated into the Draft Rules.

Second, we are troubled by the lack of any sunset provisions in the rules. We would have preferred to see marijuana sales limited to state-owned stores as opposed to private-sector stores as a way to hold down advertising, marketing, and sales, especially to underage children. However, I-502 did not give the board that opportunity. Therefore, we believe that certain sunset provisions should be included in the rules to encourage privately-owned producers, processors, and retailers to self-regulate or risk losing the opportunity to conduct business.

We suggest two provisions in the rules to help achieve this goal.



www.parentcorps.org • www.nationalfamilies.org • www.addictionstudies.org

P.O.Box 133136 • Atlanta, GA 30333-3136 • 404-248-9676

- Create a rule that stipulates if past month marijuana use among 12 to 17 year olds and 18 to 25 year olds *increases* by 20 percent or more above 2012 levels, voters will have an opportunity to reconsider legalization automatically via a new ballot initiative. Conversely, if marijuana use among these age groups *decreases* below 2012 levels, producers, processors, and retailers will receive a 5 percent reduction in marijuana taxes. The National Survey on Drug Use and Health (Substance Abuse and Mental Health Services Administration, Rockville, Maryland) is the only annual survey in the United States that collects state-level data about alcohol, tobacco, and illicit drug use among the population age 12 and older.

The 2012 National Survey on Drug Use and Health will be released in November 2013, one month before marijuana will be legally produced, processed, and sold. The table below uses data from the current 2011 survey to illustrate how this would work (although the 2012 survey released in 2013 should establish the baseline data).

Ages	2011 Past Month Marijuana Use Among Washington Young People	20% Increase	20% Decrease
12-17	9.59%	11.50%	7.67%
18-25	25.56%	30.67%	20.45%

- Create a rule that calculates how much the marijuana industry can earn by addicting a child who uses the drug for a lifetime. Add 10 percent. Charge producers, processors, and retailers each a fee in that amount for every Washington State young person who used marijuana in the past month, again based on annual data for Washington State from the National Survey on Drug Use and Health.

Again, thank you for the opportunity to provide our comments on the I-502 Initial Draft Rules regarding the establishment of a commercial marijuana marketplace in Washington State.

Sincerely,



Sue Rusche
President and CEO
National Families in Action

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 12:13 PM
To: 'Thompson, Tami (DOH)'
Subject: RE: Department of Health Comments on Initiative 502 Initial Draft Rules

Tami,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Thompson, Tami (DOH) [<mailto:tami.thompson@doh.wa.gov>]
Sent: Monday, June 10, 2013 3:37 PM
To: rules
Cc: Cooper, Kelly (DOH); Peterson, Kristin I (DOH)
Subject: Department of Health Comments on Initiative 502 Initial Draft Rules

The Department of Health is submitting the attached comments regarding initiative 502 initial draft rules. Please let me know if you have any questions.

Thank you.

Tami Thompson
Regulatory Affairs Manager
Department of Health
Policy, Legislative and Constituent Relations
MS: 7890
101 Israel Rd SE - Town Center 1
Tumwater, WA 98501
Ph: 360.236.4044
Fax: 360.586.7424
Blackberry: 360-628-0096

The Department of Health works to protect and improve the health of people in Washington State.

Department of Health Comments
For Liquor Control Board On
Initiative 502 (Marijuana) Initial Draft Rules
Chapter 314-55 WAC
June 6, 2013

(1) WAC 314-55-015, General Information About Marijuana Licenses.

The Department of Health recommends amending subsection (10) as follows:

(10) ~~Facilities licenses as a~~ A marijuana processor and ~~or~~ retailer licensed by the ~~Liquor Control Board~~ board shall conducting the processing, storage, and sale of marijuana-infused products using sanitary practices and shall be ensure facilities are constructed, kept, and maintained in a clean and sanitary condition and in accordance with rules and regulations as shall be prescribed by the Washington State Department of Agriculture under WAC chapters 16-165 and 16-167 WAC.

Rationale:

Subsection (10) of this section is intended to protect consumers of marijuana-infused products from potential harmful contamination during processing. Some of these products may be food. The Department of Health recommends including a requirement for licensees to follow the “sanitary practices” included in the Department of Agriculture’s rules, specifically in chapter 16-165 WAC, Food Inspection, and chapter 16-167 WAC, Intrastate Commerce in Foods.

(2) WAC 314-55-020, Marijuana License Qualifications and Application Process.

The Department of Health recommends adding a new subsection to this section as follows:

“The board may conduct routine inspections of a licensed business in order to determine if the licensee is in compliance with the terms and conditions of the license, and the requirements of this chapter and chapter 69.50 RCW.”

Rationale:

The Department of Health recommends routine inspections of processors. Inspections are important to prevent foodborne illness. Inspections are especially important if the processors are preparing and packaging marijuana-infused products that are “potentially hazardous foods” (PHFs) and retailers are selling these products. Chapter 69.50 RCW does not specifically preclude marijuana-infused products from being PHFs (e.g., marijuana-infused lasagna). There seems to be a general assumption that most marijuana-infused products will be non-PHF baked goods (for example, cookies, brownies, etc.). However, if a processor is approved to prepare and package PHFs, more precautions are needed. Routine inspections may be necessary to ensure cross contamination is prevented, and that proper cooking and adequate refrigeration at the processor, at the retailer and during transportation are in place.

(3) WAC 314-55-105, Packaging and Labeling Requirements.

The Department of Health recommends amending subsection (7) as follows:

- (a) “Warning: Smoking ~~may be~~ is hazardous to your health; marijuana smoke contains chemicals known to cause cancer;”

Rationale:

There is no scientific certainty that smoking marijuana causes cancer despite knowing that it has cancer causing agents in it. The Department of Health does not recommend that the health warning state ‘marijuana smoking causes cancer’ until this claim has a solid research foundation. (See first bullet under Evidence)

The department knows:

- 1) Marijuana smoke contains cancer causing chemicals.
- 2) Smoking, in any form, is hazardous to your health.
- 3) Smoke can trigger asthma; inhaled causes fine particulates in your lungs. This is widely recognized as unhealthy, regardless of what kind of smoke it is.

Evidence:

- Hashibe, M. Straif, K., Tashkin, D.P., Morgenstern, H., Greenland, S., & Zhang, Z.F. (2005). Epidemiologic review of marijuana use and cancer risk. *Alcohol*, 35(3), 265-275; Marselos, M., & Karamanakos, P. (1999). Mutagenicity, developmental toxicity and carcinogenicity of cannabis. *Addiction Biology*, 4(1), 5-12.)
- California's Environmental Protection Agency publishes a list of chemicals known to cause cancer or reproductive toxicity. Marijuana smoke is included on page 13: http://oehha.ca.gov/prop65/prop65_list/files/P65single052413.pdf.
- The American Cancer Society cites numerous studies and scientific evidence pointing to the hazards of marijuana smoke. They liken it to tobacco smoke: “*Many researchers agree that marijuana smoke contains known carcinogens, or chemicals that can cause cancer much like those in tobacco smoke.*”<http://www.cancer.org/treatment/treatmentsandsideeffects/complementaryandalternativemedicine/herbsvitaminsandminerals/marijuana>

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 12:09 PM
To: 'fireweedsam@q.com'
Subject: RE: Draft Rules I-502 (REV 05.16.2013)

Sam,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: fireweedsam@q.com [<mailto:fireweedsam@q.com>]
Sent: Monday, June 10, 2013 12:38 PM
To: rules
Subject: Draft Rules I-502 (REV 05.16.2013)

Dear Rules Board:

Attached is my stakeholder feedback. Please carefully consider the information.

In addition, I find most of the proposed rules reasonable and applicable to the derivation process.

Thanks for your efforts.

Sam R. Calvert

--
fireweedsam@q.com

June 10, 2013

11587 West Tamarac Lane
Nine Mile Falls, WA 99026

Attn.: Rules Coordinator
Liquor Control Board (LCB)
P.O. Box 43080
Olympia, WA 98504-3080

**RE: Proposed Producer/Processor/Retailer Rules: Initiative 502 (I502), Stakeholder Feedback
(Letter #2)**

Dear Reader:

I found the draft rules to be exceptionally well-written and presented. You've done an excellent job deriving and organizing this document.

Please consider the following information while creating I502's proposed rules.

Recently, I've completed start-up plans for compliant retail marijuana stores in Spokane City, County, and the Valley (pending available licenses, Federal threats to the emerging market, etc.). I502's proposed rules create some barriers to entry. In addition, I've the following input: (As listed chronologically in REV 05.16.2013).

WAC 314-55-020: The rules call for substantial retail capital investment in order to apply for a license. It's like putting the cart before the horse. I suggest breaking this portion into two or more groups. Perhaps, pre-application, application/verification, and approval would share the capital—and similar—risks. For example, don't require an approved site-plan for a property when such work could come from the application process (after pre-application). This provides, in general, a "letter of intent" which, in turn, could be provided to a landlord/property owner.

314-55-050: In parts (15) and (16): Specifically, the rules are sensible but a bit arbitrary. Moreover, functional operating plans must be, in part, quickly adaptable to changing market needs. I suggest something like, "The operation plan does not conform to outlined expectation." Frankly, "...to the satisfaction of the board..." is ripe for abuse (even with the assumption of positive intent).

WAC 314-55-081: In my research rumor and innuendo run amok. For example, some research shows pre-approved licensees already waiting for distribution for some participants wanting to enter the market. This system should remain fair and impartial. I take such rumors with a grain of salt. However it should be noted that fair and open markets always run best.

In total, please be careful with creating retail capital barriers to entry. Adding more revenue streams to the state, such as small scale license requirements (WAC 314-55-099) only serve to stop potential retailers from competing with the illegal markets. Which, is part of the over plan of I-502.

Thank you for your considerations.

Sincerely,

Sam R. Calvert

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 12:02 PM
To: 'Beth Kempf'
Subject: RE: Comments - I-502 Initial Draft Rules

Beth,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall

Rules Coordinator

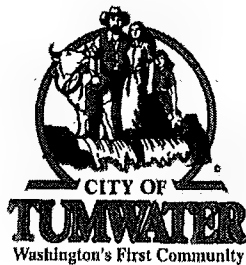
WSLCB

360-664-1631

From: Beth Kempf [<mailto:BKEMPH@ci.tumwater.wa.us>]
Sent: Monday, June 10, 2013 10:27 AM
To: rules
Subject: Comments - I-502 Initial Draft Rules

Attention Rules Coordinator:
Please see attached letter from the City of Tumwater.
Thank you.

Sent on behalf of:
John Doan, City Administrator
City of Tumwater
555 Israel Road SW
Tumwater, WA 98501
360-754-4120
jdoan@ci.tumwater.wa.us



City Hall
555 Israel Road SW
Tumwater, WA 98501-6515
Phone: 360-754-5855
Fax: 360-754-4126

June 10, 2013

Rules Coordinator
Liquor Control Board
P.O. Box 43080
Olympia, WA 98504-3080

Via e-mail to: rules@liq.wa.gov

Dear Rules Coordinator:

Thank you for the opportunity to comment early on the I-502 Initial Draft Rules. We appreciate the hard work that has gone in to this initial draft. However, the City of Tumwater has some concerns with the draft rules and comments to offer.

314-55-010 Several of the draft definitions are too narrow or restrictive. Playgrounds, for example, should include not only those owned and managed by a city or county but also those owned by school districts, private schools, the state, home owners associations and any other organization owning or operating a playground. This goes for the definition of "park" as well. Tumwater, for example, has a park, owned and operated by the Olympia-Tumwater Foundation, a non-profit organization that is equally deserving of protection as a park owned and operated by the City.

The definition of child care center should be tied to DSHS licensing to be clear.

314-55-015 The requirement that law enforcement access not be limited should be expanded to include not only law enforcement but all enforcement personnel, including police, fire, building inspectors and other code enforcement officials, at least during regular business hours, and 24 hour access should be required for public safety personnel.

314-55-020 It is important that applicants be aware up front that they must comply, not only with the WAC provisions but also, with all local laws and regulations. This could be handled through a general statement in this section that all applicants must comply with all local laws and regulations or it could be addressed throughout the rules in each applicable section. For example, the operating plan should include a compliance statement which could be in the form of an affidavit that the applicant is in compliance or a letter from the local jurisdiction stating that the applicant's location and plan meet local zoning and building codes. Also, in subsection 11, any attestation regarding taxes should include compliance with local taxes.

314-55-050 The City feels strongly that failure to comply with local laws and regulations should be a reason for denial, suspension and/or cancelation of a license. A subsection should be added in this section that states that a license may be denied, suspended or cancelled for “failure to comply with local laws and regulations.” Additionally, subsection 13 should not be limited to DOR. Instead, applicants should be required to certify that they are current in their payment of all taxes to all taxing jurisdictions.

314-55-075 The producer’s license rules require that marijuana production take place “within a fully enclosed secure indoor facility ...with rigid walls, a roof, and doors.” However, there is no requirement that the facility comply with the state or local building codes. Marijuana production poses unique electrical and ventilation challenges that make it imperative that facilities comply with building codes. The City supports the decision to require production to occur indoors. However, as a result, a requirement to comply with state and local building codes should be added to the rules.

314-55-155 In addition to the advertising restrictions imposed by the draft rules, it should be clarified that compliance with local sign codes is required or that nothing in the rules pre-empts the application or enforcement of local regulations.

314-55-160 The language requiring notice of an application or change to cities should be amended from “may” to “shall”. It is extremely important that the City receive all notices of applications or change in order to adequately evaluate the application and take advantage of the opportunity to comment to the Board. Additionally, the City should receive all notices of suspension, violation, cancelation or any other change potentially impacting the City. Therefore, these other sections of the rules, 314-55-505 and 506 for example, should also include provisions for notice to local jurisdictions.

The “due consideration” standard provided in subsection 2 of this section, as well as in 314-55-165(2), should be amended to “substantial weight” in accordance with state law. Pursuant to RCW 69.50.331(9), the Board is required to “give substantial weight to objections from an incorporated city or town or county legislative authority...”

314-55-520 – 314-55-535 Several categories of violations do not result in cancelation of a license under the draft rules. Repeated violations of any type should eventually result in suspension and cancelation. This is particularly important for category 1 violations which are related to public safety and any violation which involves minors.

314-55-540 As indicated throughout these comments, notice is extremely important to the City. Any notice of suspension should be, not only posted but, sent in writing to the local jurisdiction.

The City is concerned with some additional topics not addressed by the draft rules.

Number of Licenses The City would like to know before licensing commences how many licenses will be issued in each county. This is important for the City’s planning purposes. The

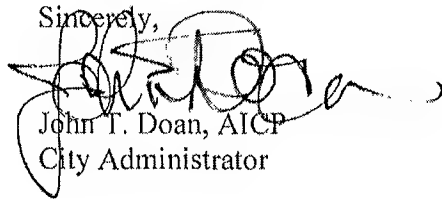
Letter to Liquor Control Board
June 10, 2013 – Page 3

City is currently evaluating its zoning code and hopes to make any necessary amendments before the Board begins issuing licenses. However, it is difficult to know how to proceed without a clear understanding of how many licenses to expect. The earlier this information is provided the more helpful it will be.

Drive-throughs and Deliveries The City encourages the Board to include provisions to address both drive-through businesses and deliveries in the I-502 rules. The City opposes any drive-through marijuana businesses and, therefore, encourages the Board to prohibit them. As with liquor sales, age identification and enforcement is a serious concern with marijuana deliveries, and the City encourages the Board to provide rules accordingly.

Thank you for the opportunity to comment. I hope that you will consider these suggestions carefully and incorporate them in your next draft.

Sincerely,

A handwritten signature in black ink, appearing to read "John T. Doan", is written over a circular stamp. The signature is fluid and cursive.

John T. Doan, AICP
City Administrator

Cc: Mayor Pete Kmet
Karen Kirkpatrick, City Attorney
John Stines, Police Chief
Mike Matlock, Community Development Director

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 11:55 AM
To: 'Alison Holcomb'
Subject: RE: ACLU-WA Press Release: Minority Community Comments on I-502 Initial Draft Rules

Alison,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

-----Original Message-----

From: Alison Holcomb [<mailto:holcomb@aclu-wa.org>]
Sent: Monday, June 10, 2013 8:57 AM
To: rules
Cc: Foster, Sharon; Kurose, Ruthann; Marr, Chris J; Garza, Rick J
Subject: ACLU-WA Press Release: Minority Community Comments on I-502 Initial Draft Rules

June 10, 2013

Contact: James Wilburn, Spokane NAACP, (509) 354-7023
Estela Ortega, El Centro de la Raza, (206) 910-8099
Gwen Allen-Carston, Kent Black Action Commission, (253) 486-9029
Chris Stearns, Seattle Human Rights Commission, (202) 257-6428
Alison Holcomb, ACLU of Washington, (206) 898-3857

Minority Racial and Ethnic Communities Call on Liquor Board To Pay Attention to Concerns About Implementation of New Marijuana Law

SEATTLE - Today, a group of leaders from Washington's ethnic and racial communities, in collaboration with the ACLU of Washington, submitted comments addressing the state Liquor Control Board's initial draft rules for Initiative 502. Passed by Washington voters last November, Initiative 502 requires the board to finalize regulations governing marijuana production and distribution by December 1.

"It is important that the communities impacted most by the War on Drugs are at the table when reforms are being discussed," said James Wilburn, president of the Spokane chapter of the NAACP. "We don't want to see our young people getting criminal records for marijuana use, but we also don't want to see them increasing their marijuana use. Legal availability of marijuana must be coupled with greater access to prevention and treatment programs in our public schools so that we can cut off the pipeline that funnels our youth to prison."

Gwen Allen-Carston, executive director of the Kent Black Action Commission added, "Washington is taking the lead in developing a new approach to marijuana that will eliminate some of the collateral damage these laws have inflicted in our communities. We want to ensure those harms aren't replaced with new unintended consequences."

While the group expressed confidence that I-502 will lessen racial disparities in drug law enforcement, it remained concerned about how the new law and rules will impact communities of color. The group made fourteen recommendations and highlighted four issues:

- Being sensitive to how youth may interpret the new law;
- Building trust between community members and licensees;
- Highlighting economic opportunities for community members; and
- Decreasing health disparities and improving overall physical and mental health.

"Initiative 502 has the potential to establish a better, more public health-oriented approach to marijuana use," noted Estela Ortega, executive director of El Centro de la Raza, "but we need to start off on the right foot and follow through with vigilant monitoring of the impacts in our communities."

The organizations and individuals joining in these recommendations included Gwen Allen-Carston, executive director, Kent Black Action Commission; Pam Austin, multicultural specialist and faculty member, Spokane Falls Community College; James Bible, Esq., president, Seattle King County NAACP; Juan Jose Bocanegra, chair, La Coordinadora Nacional por una Reforma Migratoria; Rev. Dr. Leslie D. Braxton, senior pastor, New Beginnings Christian Fellowship; Ben Cabildo, Spokane Filipino community leader; Dorry Elias-Garcia, executive director, Minority Executive Directors Coalition of King County; Jaime Garcia, executive director, Consejo; Emily Gonzales, president, Latino Bar Association of Washington; Larry Gossett, King County City Councilmember; Elaine Ishihara, director, APICAT; Jeffrey Liang, member, Asian Bar Association; Pastor Carl Livingston, Kingdom Christian Center, Seattle Central Community College professor; Yvonne Lopez-Morton, Spokane Hispanic community advocate; Sharon Maeda, executive director, 21 Progress; Martin Meraz-Garcia, Eastern Washington University assistant professor of Chicano education; Estela Ortega, executive director, El Centro de la Raza; Rogelio Riojas, executive director, Sea Mar Community Health Centers; Chris Stearns, chair, Seattle Human Rights Commission; Rev. Harriet Walden, executive director, Mothers for Police Accountability; Rev. Happy Watkins, senior pastor, New Hope Baptist Church; James Wilburn, Jr., president, Spokane NAACP; Vang Xiong X, Spokane Hmong community leader; and the ACLU of Washington.

--END--

Alison Holcomb
Drug Policy Director

ACLU of Washington
901 Fifth Avenue, Suite 630
Seattle, Washington 98164
T/206.624.2184 x. 294
holcomb@aclu-wa.org
www.aclu-wa.org

June 10, 2013

Contact: James Wilburn, Spokane NAACP, (509) 354-7023
Estela Ortega, El Centro de la Raza, (206) 910-8099
Gwen Allen-Carston, Kent Black Action Commission, (253) 486-9029
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--END--

Washington State Liquor Control Board
Post Office Box 43080
Olympia, Washington 98504-3080

Dear Chair Foster and Board Members Kurose and Marr,

As leaders and family members of Washington State's diverse ethnic and racial communities, we urge the Board to consider the following comments regarding Draft WAC 314-55, Marijuana Licenses, Application Process, Requirements, and Reporting.¹

We presume that the new law will lessen racial disparities in drug law enforcement, and we support the Board's efforts to improve public safety and public health through a tightly regulated and controlled market. While we are pleased with the Board's commitment to preventing the out-of-state diversion of product, ensuring traceability of product, promoting responsible business practices, limiting youth access, and bolstering public and other consumer safety issues, we remain concerned about the impact of the new law and regulations on communities of color. History tells us that our communities often suffer unintended consequences when new social policies or strategies are introduced. The recommendations we are submitting arise from a racial equity perspective because research indisputably shows ongoing racial and ethnic disproportionalities in our criminal justice and health care systems. Our concerns cover a wide range of issues and include:

"History tells us that our communities often suffer unintended consequences when new social policies or strategies are introduced."

- Being sensitive to how youth may interpret the new law;
- Building trust between community members and licensees;
- Highlighting economic opportunities for community members; and
- Decreasing health disparities and improving our overall physical and mental health.

Finally, **we urge the Board to reach out to our communities, by any means necessary**, so that we can fully understand and educate ourselves. All too often this step is skipped, preventing large portions of our communities who are not proficient in English from participating in the development of policies that impact their lives.

We hope the Board carefully considers each of our concerns and recommendations. Engaging our communities in the development and implementation of the regulations can help avoid unintended consequences that may be difficult to correct later. We thank the Board for its time and consideration of our request.

Sincerely,

¹ The organizations, coalitions, and individuals that signed onto this document come from different backgrounds and do not universally share the same beliefs about marijuana policy. Some do not support the legalization and regulation of marijuana. All signatories agree that it is important to protect youth and communities of color, ensure safety, and promote the health of Washington citizens fully and fairly.

SIGNATORIES



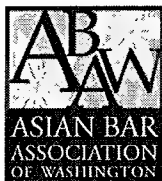
Sharon Maeda
Sharon Maeda,
Executive Director



Alison Holcomb
Alison Holcomb
Drug Policy Director



Elaine S. Ishihara
Elaine Ishihara, Director



Jeffrey Liang
Jeffrey Liang, Member

Marcos Zufiga
Marcos Zufiga
Drug Policy Outreach Coordinator



Estela Ortega
Estela Ortega, Executive Director

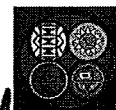


CONSEJO
Counseling & Referral Service

Jaime Garcia
Jaime Garcia, Executive Director

Kent Black Action Commission

Gwen Allen-Carston
Executive Director



Dorry Elias-Garcia
Dorry Elias-Garcia
Executive Director

Minority Executive Director's Coalition



Rev. Harriet Walden
Rev. Harriet Walden
Executive Director



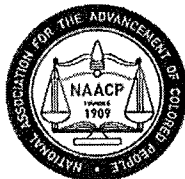
Emily R. Gonzales
Emily Gonzales, President
Latino Bar Association of Washington



Rogelio Riojas
Rogelio Riojas, Executive Director




Christ Stearns, Chair



James Wilburn Jr.
James Wilburn Jr., President
Spokane Chapter, NAACP

James Bible Esq., President
Seattle King County, NAACP

SIGNATORIES



Larry Gossett
King County Councilmember



Pam Austin
Multicultural Specialist & Faculty
Spokane Falls C.C.

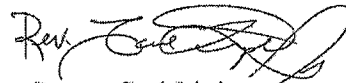
Juan Jose Bocanegra
Chair, La Coordinadora Nacional
por una Reforma Migratoria



Rev. Dr. Leslie D. Braxton



Ben Cabildo
Spokane Filipino Community Leader



Pastor Carl Livingston
Kingdom Christian Center
Professor, Seattle Central C. C.

Yvonne Lopez-Morton
Spokane Hispanic Community Advocate

Martin Meraz-Garcia, PhD
Assistant Professor, EWU
Chicano Education



Reverend Happy Watkins
Pastor of The New Hope Baptist
Spokane, WA



Vang Xiong X
Leader in Spokane's Hmong Community

OVERVIEW OF RECOMMENDATIONS

- Make Informational Materials About the Law and Regulations Available in the Same Languages the Secretary of State Provides Voter Materials, and Add the Google Translate Feature to the Board's "I-502 Implementation" Web Pages
- Educate and Provide Outreach to Our Communities So That All Community Members, Including Those Who Are Limited English Proficient, Are Given a Meaningful Opportunity to Fully Participate in the Rulemaking Process
- Be Mindful of the Potential for Unintended Consequences in Our Communities
- Urge the Legislature to Require Medical Marijuana Businesses to Meet I-502 Regulatory Requirements, or at a Minimum, Be Subject to Separate But Similar Regulatory Rules
- Take Steps to Counter the Implied Message to Our Youth Under 21 That It Is Now Okay to Possess and Use Marijuana
- Develop And Implement Advertising Requirements And Restrictions That Minimize Marketing To Youth
- Do Not Concentrate Stores in Our Communities and Neighborhoods
- Try To Award Licenses to Both Large and Small Operators Who Reflect a Neighborhood's Diverse Cultural, Social, and Economic Makeup
- Encourage Licensees to Hire Local Residents
- Commit Adequate Liquor Control Board Enforcement Resources, and Collaborate with State and Local Law Enforcement Agencies, to Ensure the Safety and Security of Neighborhoods Where Retail Stores and Other Licensees Are Located
- Evaluate the Law with Enough Frequency So That Positive and Negative Consequences in Our Communities Are Identified and the Appropriate Adjustments Are Made
- Help Our Communities Protect the Funding Dedicated to Public and Prevention Health Programs in Future Legislative Sessions
- Share Data with Other State and Local Agencies to Ensure That Treatment and Mental Health Services Are Available to All Who Need Them and Are Adequately Funded – Because Our Communities Are Disproportionally Affected
- Decrease Hours of Operation for Retail Outlets

RATIONALE

Make Informational Materials About the Law and Regulations Available in the Same Languages the Secretary of State Provides Voter Materials, and Add the Google Translate Feature to the Board's "I-502 Implementation" Web Pages. There are several benefits with this recommendation. First, the technology used is easily adaptable to the rulemaking process that the Board has embarked on. Second, the last major election in 2012 was the most diverse ever with 28% of the voters being black, Latino, Asian-American, or other "minority" populations, up from 26% in 2008.² The Board should support this trend by implementing this recommendation and allow as many Washington citizens, including those who are non-English speakers, the chance to review and comment on the regulations.

Educate and Provide Outreach to Our Communities So That All Community Members, Including Those Who Are Limited English Proficient, Are Given a Meaningful Opportunity to Fully Participate in the Rulemaking Process. All too often, the approach has been simply to post the information on a website, and leave it to communities of color to seek the information out. That simply does not work for us. First, this assumes that our communities have easy access to the Internet, which is not always true. Second, the information is not always translated. Finally, many of our newly arrived members have a limited educational level, and may not even read their native language. It is important for all Washington citizens to participate in the rulemaking process. More importantly, we need to be fully educated so that we can clearly understand our rights and obligations under the new law and regulations. The alternative is for us to suffer the kind of unintended consequences mentioned in the next recommendation.

Be Mindful of the Potential for Unintended Consequences in Our Communities. We simply ask the Board to be vigilant since our communities are more frequently the victim of unintended consequences. For example, our communities were disproportionately impacted by higher arrests and court filings after Initiative 75's passage, which was the City of Seattle's attempt to "make the investigation, arrest and prosecution of marijuana offenses, when the marijuana was intended for adult personal use, the City's lowest law enforcement priority."³

Urge the Legislature to Require Medical Marijuana Businesses to Meet the Same Regulatory Requirements, or at a Minimum, Be Subject to Separate But Similar Regulatory Rules. It makes no sense to allow the medical marijuana industry, which operates in a legal gray area, to go unregulated while the recreational marijuana one is. Community members who already use, or who will become future users of, medical marijuana will benefit from the tightly regulated and controlled market that will exist under the proposed regulations. For example, the kind of uncontrolled growth complained of in communities like those surrounding South Rainier Avenue in Seattle would not occur under the strict controls proposed in the new regulations.⁴ Another example would be stricter requirements governing the

² *America Goes to the Polls 2012, A Report on Voter Turnout in the 2012 Election*, available at <http://www.nonprofitvote.org/voter-turnout.html>

³ *Final Report of the Marijuana Policy Review Panel On The Implementation of Initiative 75*, available at http://clerk.seattle.gov/~CFS/CF_309070.pdf

⁴ *Rainier Beach Businesses Looking to Rebrand 'Medical Marijuana' Image*, by Natalie Swaby, *King 5 News* (March 15, 2013), available at (<http://www.king5.com/video?id=198560501&sec=548932&ref=rcvidmod>)

production, processing, packaging and labeling of useable marijuana and marijuana-infused products. Such controls benefit the consumer because the product's contents would be scientifically tested and properly labeled. Therefore, state oversight would result in increased consumer safety irrespective of whether the controlling regulatory framework were WAC 314-55 or different but similar regulations.

Take Steps to Counter the Implied Message to Our Youth Under 21 That It Is Now Okay to Possess and Use Marijuana. Many of us came to this country in order to give our family members the chance to benefit from living in the United States. We are fearful that our children will misinterpret the law and its regulations and leap to the conclusion that it is now okay to use and possess marijuana. Already we are hearing such stories from our community members. We know this is not what the law or regulation permits, but this is what is happening, and we need to put an end to it. In addition, we recommend the Board require retail stores to visibly display prevention posters and signs next to the checkout counter. Without strong public health campaigns and messaging that counters industry marketing efforts, we fear that our efforts to provide a brighter future for our children will be for naught. All of us, regardless of whether we are newly arrived, want the same for our young people: Success and Happiness.

Develop and Implement Advertising Requirements and Restrictions That Minimize Marketing to Youth. Any useable marijuana or marijuana-infused product should be packaged uniformly with an emphasis on preventing access by young children. The Board should adopt rules that reasonably restrict the manner in which useable marijuana and marijuana-infused products are packaged to avoid appealing to youth. For example, the products currently sold by medical marijuana dispensaries include brightly colored lollipops, cotton candy, and snow cones.⁵ Such products have obvious appeal to children; in addition to explicit labeling, opaque packaging would minimize the risk of accidental consumption.

Do Not Concentrate Stores in Our Communities and Neighborhoods. Distribution of licensed stores in our neighborhoods should mirror the distribution of stores in more affluent, predominantly Caucasian neighborhoods. Research shows our neighborhoods have a disproportionate concentration of liquor stores. The same appears to be occurring with medical marijuana dispensaries in neighborhoods surrounding South Rainier Avenue in Seattle.⁶ An increased density of stores is associated with a greater likelihood of risky consumption,⁷ while a lower density of retail outlets is associated with lower rates of consumption and public health harms.⁸ The Board should work to ensure that implementation of Initiative 502 does not exacerbate existing health disparities.

⁵ "Medical marijuana: 'Medibles' industry thrives, lacks safety regulations," by Jonathan Martin, *The Seattle Times* (Oct. 7, 2012), available at (http://seattletimes.com/html/localnews/2019372300_medibles08m.html); "Will 'cannabis lounges' pop up if marijuana is legalized?" by Ashley Gross, KPLU 88.5 NPR (Oct. 11, 2012), available at (<http://www.kplu.org/post/will-cannabis-lounges-pop-if-marijuana-legalized>).

⁶ See *supra* note 4.

⁷ *The neighborhood alcohol environment and at-risk drinking among African-Americans. Alcoholism: Clinical and Experimental Research* (2011), available at (<http://www.ncbi.nlm.nih.gov/pmc/articles/PMC3083455/>)

⁸ *Using Public Health and Community Partnerships to Reduce Density of Alcohol Outlets* (2013), available at (<http://dx.doi.org/10.5888/pcd10.120090>)

Try To Award Licenses to Both Large and Small Operators Who Reflect a Neighborhood's Diverse Cultural, Social, and Economic Makeup. This recommendation would help decrease the level of anxiety some community members have concerning the new law and its regulations. Generally, people establish greater rapport and levels of trust with others with similar backgrounds and life stories. This recommendation could also lessen the likelihood of individuals relying on the black market if community members trust the owners and operators in their neighborhood.

Encourage Licensees to Hire Local Residents. This would provide economic independence for many of our community members, especially for our young men and women. While the great recession has significantly impacted our nation's workforce, it has most severely impacted our communities. Latest figures show that in April of this year, unemployment rates for whites were 6.7%, but 13.4% for African-Americans, 8.4 % for Latinos.⁹ No one can argue against the positive effects associated with job attainment and retention.

Commit Adequate Liquor Control Board Enforcement Resources, and Collaborate with State and Local Law Enforcement Agencies, to Ensure the Safety and Security of Neighborhoods Where Retail Stores and Other Licensees Are Located. We thank the Board for the detail and attention devoted to this issue in proposed WAC 314-55-083. However, the requirements established in this regulation are only effective to the extent they are monitored and enforced. Therefore, we recommend that the Board provide adequate enforcement capacity so that inspections of all retail stores and other licensees are completed on a regular basis, and in a proactive fashion as opposed to responding to reported noncompliance.

Evaluate the Law with Enough Frequency So That Positive and Negative Consequences in Our Communities Are Identified and the Appropriate Adjustments Are Made. Under the statute, the Washington State Institute for Public Policy must conduct a series of evaluations on the impacts of I-502 in 2015, 2017, 2022, and 2032. The findings of these evaluations will let the public know whether, and to what extent, implementation of the law and the regulations have produced positive or negative public health outcomes. These findings will also provide legislators and the Board with information on which to base adjustments to the law or regulations. In order to detect and correct the occurrence of unintended consequences, we request that the collection of pertinent social and health data always include sufficiently-sized samples of Washington's diverse racial and ethnic groups to allow meaningful analysis and comparison with Caucasian demographics. Examples of data that should be collected are administrative sanctions against licensees, marijuana arrest records (including marijuana DUIs), incidences of chronic obstructive pulmonary disease (COPD), school discipline records, high school graduation rates, marijuana dependence treatment rates, and other relevant data

Help Our Communities Protect the Funding Dedicated to Public and Prevention Health Programs in Future Legislative Sessions. A dedicated percentage of the anticipated tax revenue from the sale of marijuana is mandated by statute for specific public health-related purposes. It is important that these funds are not repurposed for other programs. As we've seen with the tobacco settlement dollars intended to fund public health education programs,

⁹ Labor Force Statistics from the Current Population Survey (2013), available at (<http://www.bls.gov/web/empsit/cpseca29.htm>).

lawmakers have repeatedly diverted these resources to unrelated purposes.¹⁰ In Washington, state funding for tobacco prevention has been significantly reduced in recent years.¹¹ This must not happen to the money set aside for marijuana health and prevention programs. While we recognize that it is beyond the purview of the Board either to protect or redirect disbursements, it can advocate with the legislature to preserve resources demonstrated to protect public safety and physical and mental health.

Share Data with Other State and Local Agencies to Ensure That Treatment and Mental Health Services Are Available to All Who Need Them and Are Adequately Funded –

Because Our Communities Are Disproportionally Affected. It is a known fact that certain communities of color “experience a disproportionate burden of preventable disease, death, and disability compared with non-minorities.”¹² Consequently, we urge the Board to share the data it collects regarding sales patterns and enforcement issues, and ask that it review other agencies’ data regarding use and treatment rates, to better inform decisions about which communities have greater need for the prevention, treatment, and mental health services funded with marijuana excise tax revenues. This is the equitable thing to do in light of the existing disparities in our communities.

Decrease the Hours of Operation for Retail Outlets. The Board should limit the hours that marijuana retail licensees may conduct sales to those that used to be in place for liquor stores prior to approval of Initiative 1183. Having marijuana readily available when bars and nightclubs are closing will increase the likelihood of late-night, impulse purchases and mixing alcohol, marijuana, and driving. This is especially dangerous in the current absence of a robust public education campaign advising consumers of the synergistically impairing effects of combining alcohol and marijuana use.

¹⁰ *Where Tobacco Settlement Funds Really Went*, available at (<http://abcnews.go.com/GMA/story?id=125919&page=1>).

¹¹ *Tobacco Prevention Program Newsletter - July 2011*, available at (<http://www.kingcounty.gov/healthservices/health/tobacco/facts/budgetelimination.aspx?print=1>).

¹² Centers for Disease Control, *Minority Health Webpage*, available at (<http://www.cdc.gov/omhd/topic/minorityhealth.html>).

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 11:46 AM
To: 'Brad Douglass, Ph.D.'
Subject: RE: Response to I-502 Initial Draft Rules

Brad,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Brad Douglass, Ph.D. [<mailto:bjdphd@gmail.com>]
Sent: Monday, June 10, 2013 7:41 AM
To: rules
Subject: Response to I-502 Initial Draft Rules

Dear Rules Coordinator,

I have detailed my questions and concerns to the I-502 Initial Draft Rules in the attached letter. I have also reproduced the body of that letter below for convenience. Feel free to contact me if I can be of further assistance.

Regards,
Brad Douglass, Ph.D.

Brad J. Douglass, Ph.D.
100 Taylor Ave N.
Seattle, WA 98109
(310) 309-7238

June, 9 2013

Rules Coordinator
Liquor Control Board
P.O. Box 43080
Olympia, WA 98504-3080
rules@liq.wa.gov

Re: I-502 Initial Draft Rules (**Draft WAC 314-55**):

To Whom It May Concern,

I am a Washington State resident with a Ph.D. in Organic/Analytical Chemistry. Upon evaluating the initial draft rules, a few sections seemed to demand further clarification or modification. Please let me know if I can be of any further assistance.

1) Does **WAC 314-55-079** [p. 12 sec. (2)] intend to allow retailer license holders to only sell products produced by [off-site] processor licensees and thus prohibit retailer edible production (e.g. baked goods, smoothies) on-site?

I believe it should.

2) Regarding **WAC 314-55-082: Insurance Requirements**, is there a contingency plan in the event that no A- Class VII insurance carriers in the state of Washington are willing to underwrite a general liability insurance plan for would be licensees?

3) Regarding staging requirement of 72 hours (p. 14 (e)):

a. Is it necessary to have an absolute time requirement? If so, is 72 hours too long in that it could cause supply-chain inefficiencies without adding substantial control benefits?

I believe it might be.

b. This does not pertain to product/intermediates transfers amongst licensed processors (i.e. lateral transfers) nor include the transfer of R&D or Quality Control samples backwards/orthogonal in the supply chain (i.e. processors → producers or producers → analytical testing operations), correct?

I believe it should not.

4) Regarding **WAC 314-55-095 Marijuana servings and transaction limitations**(p. 19), will upper/lower limit tolerances be established to create bounds where product is still in compliance without being exactly 10.0 mg THC per serving or 100 mg per product?

I believe these to be absolutely necessary.

5) Regarding **WAC 314-55-097 Marijuana Waste Disposal – Liquids and Solids** (p. 20), should allowance be made for other acceptable recycled solid waste options beyond the seven delineated, if the processor can demonstrate applicability and effectiveness?

I believe this would be wise.

6) Regarding **WAC 314-55-097 Marijuana Waste Disposal – Liquids and Solids** (p. 21), is the requirement for 168 [7 days] hours notice in the traceability system described in WAC 314-55-083 (4) prior to rendering the product unusable and disposing of it unduly long, and as such liable to create a security/diversion risk?

I believe it might be.

7) Regarding **WAC 314-55-102 Quality Assurance Testing** (p.22), instead of *prohibiting* an accredited 3rd party testing lab from conducting the required quality assurance tests necessary for a producer/processor in which such a lab has a financial interest, would it be more reasonable to simply require that a separate accredited 3rd party testing lab merely *attest* to the accuracy of the quality assurance tests?

I believe this is one reasonable solution. [Of course, the premise here is that a legitimate 3rd party accreditation system can be established/enforced]

8) Regarding retail product labeling (p.26-27), in addition to the requirements for cannabis products should it also be mandated that labels for edible products also meet the WA minimum labeling requirements for food?

I believe it should.

Sincerely,

Brad J. Douglass, Ph.D.

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 11:44 AM
To: 'Alison Holcomb'
Subject: RE: ACLU-WA Press Release: Prevention & Treatment Comments on I-502 Initial Draft Rules

Alison,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

-----Original Message-----

From: Alison Holcomb [<mailto:holcomb@aclu-wa.org>]
Sent: Monday, June 10, 2013 7:34 AM
To: rules
Cc: Foster, Sharon; Kurose, Ruthann; Marr, Chris J; Garza, Rick J
Subject: ACLU-WA Press Release: Prevention & Treatment Comments on I-502 Initial Draft Rules

June 10, 2013

Contact Roger Roffman, (206) 915-6544, or Alison Holcomb, (206) 898-3857

Prevention and Treatment Experts Urge Liquor Board To Emphasize Public Health Over Marijuana Industry Profits

SEATTLE - Today, a group of substance abuse prevention and treatment professionals and public health advocates, in collaboration with the ACLU of Washington, submitted comments addressing the state Liquor Control Board's initial draft rules for Initiative 502. Passed by Washington voters last November, Initiative 502 requires the board to finalize regulations governing marijuana production and distribution by December 1.

"Initiative 502 was designed to achieve better health and safety outcomes for our families and communities than marijuana prohibition has," said Alison Holcomb, drug policy director for the ACLU of Washington and primary author of the initiative. "It was not intended to 'mint marijuana millionaires' who prioritize profits over public health. The goal is to improve upon our experiences with alcohol and tobacco, not repeat them."

The group commends the Board on its initial effort but recommends several changes. A few of the highlights include:

- Tighter restrictions on packaging, labeling, and advertising;
- Shorter hours for retail outlets; and
- Scrapping the logo that features a marijuana leaf centered over an outline of Washington state.

Roger Roffman, UW professor and marijuana dependence treatment professional urged, "The Board needs to remember that it is setting a standard for marijuana regulation. We have a unique

opportunity to create a system that discourages glamorization of marijuana use and encourages respect for the public's health and wellbeing. Let's not waste it."

The organizations and individuals joining in these recommendations include the Asian Pacific Islander Coalition Against Tobacco (APICAT); the Children's Alliance; the Science and Management of Addictions (SAMA) Foundation; the UW School of Social Work's Innovative Programs Research Group; Northwest Seattle Coalition for a Drug-Free Community; Mike Graham-Squire; Gary Hothi, CDP, MSWc; Paul Weatherly, MA, CDP, Director of the Alcohol/Drug Counseling Program at Bellevue College; and the ACLU of Washington.

--END--

Alison Holcomb
Drug Policy Director

ACLU of Washington
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Seattle, Washington 98164
T/206.624.2184 x. 294
holcomb@aclu-wa.org
www.aclu-wa.org

June 10, 2013

Contact Roger Roffman, (206) 915-6544, or Alison Holcomb, (206) 898-3857

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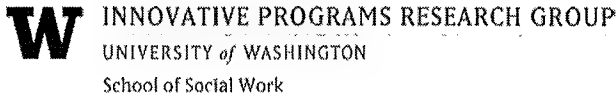
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--END--

Initiative 502 - Initial Draft Rules:
Comments to Washington State Liquor Control Board
June 10, 2013

Prevention, Treatment, and Public Health Considerations



Roger Roffman - Professor Emeritus
School of Social Work,
University of Washington



Elaine Ishihara - Director



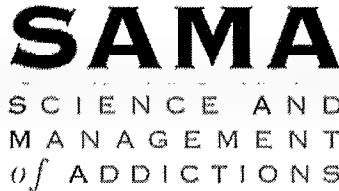
Alison Holcomb - Drug Policy Director

Mark Cooke - Policy Advocate



CHILDREN'S ALLIANCE

Jon Gould - Deputy Director



Frank Couch - Executive Director

Mike Graham-Squire

Gary Hothi, CDP, MSWc

Paul Weatherly, MA, CDP
Director Alcohol/Drug Counseling Program
Bellevue College

Julie Campbell
Chair NORTHWEST Seattle Coalition
for a Drug-Free Community

Introduction and Overview

In collaboration with the ACLU of Washington, organizational and individual members of Washington State's substance abuse prevention, treatment, and public health communities provide the following suggestions for revisions to the initial draft rules for marijuana producers, processors, and retailers to be licensed under Initiative 502 ("I-502").¹

The Liquor Control Board ("Board") should be commended for the creation of the initial draft rules for I-502. Establishing regulations that will govern a new legal marketplace for marijuana is a difficult task. Many issues need to be addressed and there are differing views on how the law should be implemented. From a public health perspective, many of the proposed rules seem to be on the right track. For instance, the Board's proposals for the traceability of marijuana and security requirements for marijuana businesses will go a long way towards preventing the diversion of marijuana to youth and out of state.

However, the Board should exercise the expansive authority it is given under I-502 and bolster the public health features mandated (RCW 69.50.345) and permitted (RCW 69.50.342) under the law. Our priorities are to ensure that the public health features of I-502 are implemented fully, and that the public is informed about the importance of emphasizing drug education, prevention, and increased availability of treatment – coupled with robust monitoring, enforcement, and evaluation – as core components of this major shift in marijuana policy.

¹ The organizations, coalitions, and individuals that created this document come from diverse backgrounds and do not universally share the same beliefs about marijuana policy. Some do not support the legalization and regulation of marijuana. This document was drafted in a forward-looking manner and is not intended to revisit the underlying debate of whether it was wise to pass I-502 in the first place. All signatories agree that I-502's public health components should be implemented fully and fairly.

Comments on Initial Draft Rules

WAC 314-55-010 Definitions

The Board should create a science-based definition for “marijuana extract,” referenced in WAC 314-55-079(2) and 314-55-104. The Board should also define “hash oil” and “hashish,” and change the reference to “hash” in WAC 314-55-079(2) to “hashish.” The terms “hash,” “shatter,” and “wax” are slang, and while the Board may find it useful to include them in the definition of “marijuana extract,” “hashish,” or “hash oil,” it does not seem useful to treat these words as legally defined terms.

Also, if the Board is going to use the term “Delta 9” to refer to delta-9 tetrahydrocannabinol, it should include that information in the Definitions section.

WAC 314-55-075 What is a marijuana producer license and what are the fees related to a marijuana producer license?

RCW 69.50.345(3) requires the Board to determine “the maximum quantity of marijuana a marijuana producer may have on the premises of a licensed location at any time without violating Washington state law,” yet the initial draft rules are silent on this issue. The Board should either establish the maximum(s) in the rules or set forth in the rules exactly how the maximum(s) will be determined during the initial licensing process. In addition to being statutorily mandated, such specifications seem necessary as a practical matter to allow prospective licensees to develop accurate operational plans as part of the application process required by WAC 314-55-020(8); for example, a producer cannot know “size of grow space allocated for plant production” without knowing how the statutorily-mandated maximum quantity of marijuana will be determined.

As this group has stated in previous comments submitted to the Board,² it would be wiser to begin this unprecedented experiment with a legal marijuana market with smaller-scale operations that will have limited capacity to advertise heavily, than to open the door immediately to industrial-scale enterprises focused on recouping heavy capital expenditures and maximizing profits for venture capitalists. Advertising is not the only concern. Large investments and revenues also support aggressive lobbying expenditures aimed at advancing legislation and regulations more favorable to private profits than public health; we have seen this not only in the contexts of alcohol and tobacco but also in the current debate about how Initiative 502 should be implemented.³

² “Initiative 502 – Producer, Processor, and Retailer License Rules: Comments to Washington State Liquor Control Board,” submitted electronically May 10, 2013.

³ See, e.g., “Your money please: Changes proposed in marijuana initiative,” by Tom James, Crosscut.com (March 13, 2013) (quoting Rep. Christopher Hurst: “Why would we sell these [licenses] for a thousand dollars? I’ve had folks in my office who’ve said they’d be happy to pay a quarter million”), available at (<http://crosscut.com/2013/03/13/olympia-2013/113419/your-money-please-change-proposed-marijuana-initia/>).

It must be remembered: **the policy goals underlying I-502's regulatory and tax structures are to meet existing demand through a controlled legal market without promoting increased use**; see, e.g.:

- RCW 69.50.345(2)(c), determining number of retail outlets by taking into consideration the “provision of *adequate* access to licensed sources of useable marijuana and marijuana-infused products *to discourage purchases from the illegal market*” (emphasis supplied);
- RCW 69.50.345(6)(b), determining maximum quantities of marijuana that can be on licensed premises, taking into consideration the “provision of *adequate* access to licensed sources of useable marijuana and marijuana-infused products *to discourage purchases from the illegal market*” (emphasis supplied);
- RCW 69.50.345(7)(d), requiring **labels** to include “[m]edically and scientifically accurate information about the health and safety risks posed by marijuana use” (emphasis supplied);
- RCW 69.50.345(9)(c), requiring **advertising** to include “[m]edically and scientifically accurate information about the health and safety risks posed by marijuana use” (emphasis supplied);
- RCW 69.50.345(9)(b), requiring advertising regulations “[m]inimizing exposure of people under twenty-one years of age”;
- RCW 69.50.342(7), providing broad authority to adopt additional rules regarding “[l]abeling requirements and restrictions on advertisement of marijuana, useable marijuana, and marijuana-infused products”;
- RCW 69.50.357, restricting retail operations and providing penalties;
- RCW 69.50.369, restricting advertising and providing penalties;
- RCW 69.50.535(5), requiring the Board to regularly review the marijuana excise tax levels and make recommendations for adjustments “that would further the goal of **discouraging use** while undercutting illegal market prices” (emphasis supplied);
- RCW 69.50.540, dedicating marijuana excise tax revenue to prevention, treatment, public health education, research, healthcare, enforcement, the Healthy Youth Survey, and the Building Bridges program; and
- RCW 69.50.550, requiring periodic cost-benefit evaluations by the Washington State Institute for Public Policy of the impacts of Initiative 502 on public safety, public health, youth and adult use rates, private and public economic activities, the criminal justice system, and state and local administration.

The primary intent of Initiative 502 is not to “mint millionaires”;⁴ it is to produce better outcomes in terms of public safety and public health than marijuana prohibition has delivered. The statute provides tools to achieve this goal, and the Board should use them to the fullest extent possible.

WAC 314-55-077 What is a marijuana processor license and what are the fees related to a marijuana processor license?

RCW 69.50.345(4) requires the Board to determine “the maximum quantities of marijuana, useable marijuana, and marijuana-infused products a marijuana processor may have on the premises of a licensed location at any time without violating Washington state law,” yet the initial draft rules are silent on this issue. The Board should either establish the maximum(s) in the rules or set forth in the rules exactly how the maximum(s) will be determined during the initial licensing process.

WAC 314-55-079 What is a marijuana retailer license and what are the fees related to a marijuana retailer license?

RCW 69.50.345(5) requires the Board to determine “the maximum quantities of useable marijuana and marijuana-infused products a marijuana retailer may have on the premises of a retail outlet at any time without violating Washington state law,” yet the initial draft rules are silent on this issue. The Board should either establish the maximum(s) in the rules or set forth in the rules exactly how the maximum(s) will be determined during the initial licensing process. In addition to being statutorily mandated, such specifications are necessary as a practical matter to allow prospective licensees to develop accurate operational plans as part of the application process required by WAC 314-55-020(8); for example, it will be difficult for a retailer to know “[w]hat array of products are to be sold” without knowing how large an inventory the potential licensee will be allowed to carry at any time.

WAC 314-55-080 What is a marijuana producer/processor license and what are the fees related to a marijuana producer/processor license?

Additives⁵ to marijuana-infused products and types of marijuana infused products should be regulated. Additives intended to entice use by youth, or abuse by adults – such as

⁴ See United Press International, “Ex-Microsoft exec plans ‘Starbucks’ of marijuana” (May 31, 2013), available at (http://www.upi.com/Top_News/US/2013/05/31/VIDEO-Ex-Microsoft-exec-plans-Starbucks-of-marijuana/UPI-41161369985400/).

⁵ The Board may find it useful to define the term “additive.” The FDA has adopted the following definition in the tobacco context: The term “additive” means “any substance the intended use of which results or may reasonably be expected to result, directly or indirectly, in its becoming a component or otherwise affecting the characteristic of any tobacco product (including any substances intended for use as a flavoring or coloring or in producing, manufacturing, packing, processing, preparing, treating, packaging, transporting, or holding), except that such term does not include tobacco or a pesticide chemical residue in or on raw tobacco or a pesticide chemical” (section 900(1) of the act (21 U.S.C. 387(1)). FDA, *Guidance for Industry – Listing of Ingredients in Tobacco Products*, available at

menthol – should be prohibited. Combining alcohol, tobacco, controlled substances, or other intoxicating products with marijuana should be prohibited.

WAC 314-55-081 Who can apply for marijuana retailer license?

In determining the number of marijuana retail license locations, the Board should consider using the method that was used prior to the approval of Initiative 1183 to determine the placement of liquor stores. The method was effective in providing communities with liquor in an equitable manner and preventing over-consumption and underage access. The Board should prohibit Internet and mail order sales.

WAC 314-55-083 What are the security requirements for a marijuana licensee?

The Board should add “When plants undergo extraction” and “When marijuana extracts are infused into products” to subsection (4).

WAC 314-55-086 What are the mandatory signs a marijuana licensee must post on a licensed premises?

The Board should require signs at retail locations that display the “marijuana use public health hotline” that will be created per RCW 69.50.540(5)(b)(i). It is vital that consumers understand that treatment for marijuana abuse is available.

Prevention and counter-messaging (messaging that counters the industry’s promotional advertising) signs should also be required at retail locations. This should include information on keeping marijuana products away from children and the emergency hotline number for the Washington Poison Center. As two Washington emergency medicine physicians recently commented:

The legalization of recreational marijuana, especially the solid and liquid-infused forms permitted in Washington, will provide children greater access to cookies, candies, brownies, and beverages that contain marijuana.

...

Methods to prevent accidental exposures to marijuana need to be studied for efficacy and progressively developed. Parents and providers should be encouraged to call the Poison Center for data collection, information, education, and management advice.⁶

(<http://www.fda.gov/downloads/TobaccoProducts/GuidanceComplianceRegulatoryInformation/UCM192053.pdf>).

⁶ William Hurley, MD, and Suzan Mazor, MD, “Anticipated Medical Effects on Children from Legalization of Marijuana in Colorado and Washington State: A Poison Center Perspective.” JAMA, May 27, 2013, available at (<http://archpedi.jamanetwork.com/article.aspx?articleid=1691419>).

WAC 314-55-095 Marijuana servings and transaction limitations.

The Board should explain how it arrived at the “single serving” amount of ten milligrams active tetrahydrocannabinol (THC), or “Delta 9.” It should also explain whether this measurement is applicable across gender and weight. If this information is not available in reasonably reliable scientific literature, the Board should consider not defining a “single serving” since this is likely to be interpreted as a state-approved, safe, and consistent standard for all consumers.

The Board should also consider using the term “dose” instead of “serving.” The ten-milligram measurement describes the amount of active THC contained within a single serving of a marijuana-infused product. Accordingly, a single serving of a high-concentration chocolate bar may contain multiple doses of active THC, whereas a low-concentration lozenge may contain only a quarter- or half-dose. It would be useful information for consumers to separate the dose of the psychoactive component from the serving size of the product.

The Board should also require packages of pre-rolled marijuana cigarettes and buds of useable marijuana to be labeled with dose information.

WAC 314-55-105 Packaging and labeling requirements.

RCW 69.50.345(8) requires the Board, “[i]n consultation with the department of agriculture, [to] establish[] classes of marijuana, useable marijuana, and marijuana-infused products,” yet the initial draft rules are silent on this issue. The Board should establish these classes. We recommend review of 27 C.F.R. §§ 4.21 and 5.22 for examples of how classes and types of wine and distilled spirits are described, especially the floors and ceilings for alcoholic content (see also 27 C.F.R. §7.71 regarding how different alcoholic contents for malt beverages may be described). We recommend the Board adopt class definitions for marijuana that include, but are not necessarily limited to, established floors and ceilings for THC concentration.

The board should also require all labels to include the class to which the marijuana product belongs, in a fashion analogous to requirement established for liquor by WAC 314-52-010(1)(b).

Key components of reducing risk and promoting public health will be responsible packaging, accurate and uniform labeling, and dissemination of pertinent information to the consumer. The Board should bolster WAC 314-55-105 by making the following changes:

Packaging

- **Prevent Packaging That Appeals to Youth.** Any useable marijuana or marijuana-infused product should be packaged uniformly with an emphasis on preventing access by young children. The Board should adopt rules that

reasonably restrict the manner in which useable marijuana and marijuana-infused products are packaged to avoid appealing to youth. For example, edible products currently being sold by medical marijuana dispensaries include brightly colored lollipops, cotton candy, and snow cones. Such products have obvious appeal to children;

- Marijuana should be packaged in plain, opaque, tamper-resistant, and child-proof containers without depictions of the product, cartoons, or images other than those approved by the Board;
- Packaging for marijuana-infused products should not bear a reasonable resemblance to packaging of any commercially branded candy that is not a marijuana-infused product;

Labeling

- For marijuana-infused products, mandate that a list of all ingredients are included on the label, similar to food nutrition labels;
- In addition to warning that the product “may be habit forming,” list potential side effects of use and include rotating warning statements on labels. For example, the warning statements listed in WAC 314-55-105(7) should not only be included in accompanying materials; they should also be rotated on the labels. See, e.g., 21 C.F.R. §1141.10(a)(1), requiring one of the mandatory tobacco warnings to appear on the front and rear panels of each cigarette package;
- Specify that labels must appear directly on the package; be clearly visible under any cellophane or other wrapping, and that such wrapping be clear and not colored; be of a minimum size, and use a minimum font size; comprise a specific percent of the package panels; and be indelibly printed and permanently affixed to the package, not to any removable wrapper. See, generally, 21 C.F.R. §1141.10;
- Require labels to include the statement “Not FDA Approved”;
- Require labels to display of the DOH help-line telephone number that will be established under RCW 69.50.540(5)(b)(i);
- Require the following, or similar, text: “In case of accidental use by youth or overdose:” accompanied by the Washington Poison Center emergency hotline number; and
- Require that all label language is available in other languages.

Accompanying Material

- Mandate retailers to distribute with each sale a document titled "Information for the Consumer," which should be created by the Board in consultation with the Department of Health. This document should be updated as necessary. The document should be required to have a minimum font size and specify the document's date of issue and version;

- Require the "Information for the Consumer" document to include educational information on:
 - how to read the labels (i.e., what THC, CBD, CBN, etc. mean) and to the extent possible, the different effects that can be expected for different chemical compositions (i.e., the psychoactive difference between high-THC/low-CBD marijuana and vice versa);
 - explanation of the THC dose amount;
 - a discussion of tolerance and withdrawal;
 - indicators of marijuana dependence;
 - examples of the most important physical and mental health risks;
 - rationale for warning against use by children and adolescents and restricting sale to adults;
 - rationale for warning that women should not use marijuana while pregnant or breast feeding; and
 - examples of the specific types of driving impairment that provide the rationale for warning not to operate a vehicle or machinery under the influence of this drug;
- Require inclusion of the statement “Not FDA Approved”;
- Require display of the DOH help-line telephone number that will be established under RCW 69.50.540(5)(b)(i);
- Require that all accompanying materials are available in other languages and in versions for consumers who are visually- or hearing-impaired; and
- Require a QR code and a website address to access the University of Washington's Alcohol and Drug Abuse Institute for more information.

The Board should eliminate or significantly revise the proposed Washington State icon logo. The image of a giant marijuana leaf centered over the State of Washington can reasonably be viewed as branding Washington “The Marijuana State,” or as Washington proudly promoting marijuana use to the rest of the world. A logo like this will undoubtedly end up on bumper stickers and t-shirts. While the Board can’t prevent private entrepreneurs from marketing similarly themed items, it should not incorporate such images in regulatory requirements. Instead, the Board should consider using its current state logo or a similar text-based logo.

WAC 314-55-147 What hours may a marijuana retailer licensee conduct sales?

The Board should limit the hours that marijuana retail licensees may conduct sales to those that were in place for liquor stores prior to approval of Initiative 1183. Having marijuana readily available when bars and nightclubs are closing will increase the likelihood of late-night, impulse purchases and mixing of alcohol, marijuana, and driving. This is especially dangerous in the current absence of a robust public education campaign

advising consumers of the synergistically impairing effects of combining alcohol and marijuana use.

WAC 314-55-155 Advertising

The Board should review Chapter 314-52 WAC, the liquor advertising rules, and add provisions to the current draft WAC 314-55-155 that are similar to those already in place for alcohol, especially those intended to shield youth from marketing. At a minimum, the Board should include subsections in WAC 314-55-155 that are analogous to the following sections in Chapter 314-52 WAC:

- WAC 314-52-030, prohibiting advertising in school publications and media;
- WAC 314-52-040, restricting contests, competitive events, premium and coupons;
- WAC 314-52-050, prohibiting sound truck advertising;
- WAC 314-52-070, regulating outdoor advertising;
- WAC 314-52-080, regulating novelty advertising;
- WAC 314-52-113, regulating brand signs and point-of-sale displays;
- WAC 314-52-115, regulating advertising by private clubs; and
- WAC 314-52-130, regulating industry sponsorship of public and civic events.

Resources

The following resources describe and assess the effectiveness of various prevention, treatment, and public health strategies utilized in response to marijuana use and in other contexts. These resources specifically relate to issues the Board must address through I-502 rulemaking.

Prevention in General

- University of Washington – Social Development Resource Group - homepage (<http://www.sdr.org/index.asp>) and resource page (<http://www.sdr.org/prevention.asp>).
- Washington State Prevention Enhancement Policy Consortium – *Substance Abuse Prevention and Mental Health Promotion Five-Year Strategic Plan* (<http://www.theathenaforum.org/sites/default/files/SPE%20Strategic%20Plan%20FINAL%20-%20v.%208.10.12.pdf>).
- National Research Council and Institute of Medicine – *Preventing Mental, Emotional, and Behavioral Disorders Among Young People* (http://www.nap.edu/catalog.php?record_id=12480).
- Office of the Surgeon General – *National Prevention Strategy* (<http://www.surgeongeneral.gov/initiatives/prevention/strategy/report.html>).

Marijuana

- RAND – webcast on “Public Health Regulations for Marijuana Legalization” (<http://www.c-span.org/Events/RAND-Corp-Holds-Discussion-on-Public-Health-Effects-of-Marijuana/10737437957-1/>).
- University of Washington - Innovative Programs Research Group (<http://depts.washington.edu/iprg/index.html>).
- SAMHSA – National Registry of Evidence Based Programs and Practices - Marijuana (<http://nrepp.samhsa.gov/SearchResultsNew.aspx?s=b&q=marijuana>).
- Norberg MM, Kezelman S, Lim-Howe N, *Primary Prevention of Cannabis Use: A Systematic Review of Randomized Controlled Trials*. PLoS ONE 8(1): e53187 (<http://dx.plos.org/10.1371/journal.pone.0053187>).
- RAND – Drug Policy Research Center: Marijuana Legalization: (<http://www.rand.org/multi/dprc/marijuana.html>).

- RAND – *Marijuana Legalization: What We Know and What We Don't Know* - Congressional Briefing, November 2012 (<http://www.rand.org/multimedia/video/2012/07/17/marijuana-legalization.html>).
- RAND – *What Can We Learn from the Dutch Cannabis Coffeeshop Experience?* (http://www.rand.org/content/dam/rand/pubs/working_papers/2010/RAND_WR768.pdf).

Tobacco

- Centers for Disease Control and Prevention – *Best Practices for Comprehensive Tobacco Control Programs – 2007* (http://www.cdc.gov/tobacco/stateandcommunity/best_practices/index.htm).
- Office of the Surgeon General – *Preventing Tobacco Use Among Youth and Young Adults: A Report of the Surgeon General, 2012* (<http://www.surgeongeneral.gov/library/reports/preventing-youth-tobacco-use/index.html>).

Alcohol

- Office of the Surgeon General – *Surgeon General's Call to Action to Prevent and Reduce Underage Drinking* (<http://www.surgeongeneral.gov/library/calls/underagedrinking/index.html>).
- National Institute on Alcohol Abuse and Alcoholism – Alcohol Policy Information System (<http://alcoholpolicy.niaaa.nih.gov/>).
- Underage Drinking Enforcement Training Center (<http://www.udetc.org/Publications.htm>).
- John Hopkins School of Public Health – Center on Alcohol Marketing and Youth (<http://www.camyo.org/>).

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 11:25 AM
To: 'Zak Vdolek'
Subject: RE: I502 Stakeholder Recommendations - Security

Zachery,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Zak Vdolek [<mailto:lgnr.vdolek@scarmilitary.com>]
Sent: Sunday, June 09, 2013 11:11 PM
To: rules
Cc: Andy Kelly
Subject: I502 Stakeholder Recommendations - Security

To Whom It May Concern:

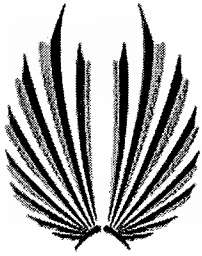
The Special Covert Advanced Resolutions LLC ("SCAR") has developed a list of recommendations for your "Draft Rules" of WAC 314-55. From our collective business, security, law enforcement, and military experience we respectfully submit the *attached* suggestions to your department. Please do not hesitate to contact us with any questions regarding our recommendations or their implementation.

For full disclosure: SCAR is a Private Military Security Company currently undergoing licensing with the Washington State Department of Licensing, and intends to be legally authorized to provide armed private security guard services within Washington State by mid-July 2013, pending official approval by the Department of Licensing.

Respectfully,

Zachary Vdolek
Legionnaire + CEO
SCAR SM
[Special Covert Advanced Resolutions LLC]

W: www.SCARMILITARY.com
E: LGNR.vdolek@scarmilitary.com
D: 425-484-0997
C: 425-802-9885



SCAR

SPECIAL COVERT ADVANCED RESOLUTIONS

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To Whom It May Concern:

The following recommendations were independently drafted by senior executives of the Special Covert Advanced Resolutions LLC ("SCAR"), and reflect our professional opinion, and the official position of SCAR regarding the proposed Initial Draft Rules as outlined in Washington State's Liquor Control Board's "Draft WAC 314-55".

Our intent with these suggestions is to sufficiently protect public safety and the integrity of the legal marijuana trade by ensuring all licensees considered to be "major producers" retain ample security to protect their businesses against criminal loss of any marijuana products, coercion of or attack against employees, or targeted disruption or destruction by criminal organizations.

While smaller producers and retailers are typically able to protect themselves well with closed circuit television cameras, larger operations are posed with greater challenges and threats to adequately protect large facilities and equally large stockpiles of marijuana and marijuana products. Our primary concern is the heightened threat these larger facilities face by criminals and criminal organizations for theft or destruction, either in a sophisticated smuggling scheme, or by means of a violent direct attack. We fear these criminal efforts may aim to either steal large quantities of marijuana for illegal production and sale, and/or effectively disrupt or destroy one or more operations to increase illegal demand for marijuana products.

Therefore we put forth the following independent recommendations as an addition to your Department's WAC 314-55 Draft licensee requirements:

Recommendation #1:

"Any persons employed for the purpose of acting as a security guard for their business, either armed or unarmed, must be licensed as a Washington State Security Guard respectively, as such licensure will be demonstrative of competence to adequately protect the licensee's business operation."

Intent #1:

It is our concern that the hiring of "proprietary security guards" in accordance with RCW 18.170.020.1 may not establish adequate training or capability requirements to sufficiently prevent loss events, protect a business, or promote public safety, for

SPECIAL COVERT ADVANCED RESOLUTIONS LLC

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businesses engaged in the production and sale of a controlled substance, especially in cases where the employ of armed persons is concerned. Namely, due to their duties to protect persons with access to controlled substances and the very protection of company property that is a controlled substance. This creates concern for public safety as the loss of property may pose a serious danger to the public, in the form of unregulated sales or production of controlled substances- especially when considering illegal hybrid strains. In traditional "proprietary security guard" roles, the loss of "commercial retail" merchandise typically does not pose a hazard to the public, and therefore recovery is seldom pursued due to insurance reimbursement. If such a loss event is determined by your department to be of hazard to the public, we believe requirements should be enacted to ensure property loss is prevented, and if possible recovered, through the employment of properly trained and licensed guards that maintain good law enforcement relations.

Recommendation #2:

"Any producer/processor licensee producing (x) pounds or more of marijuana or a marijuana product within a 30-day period, or storing more than (xxx) pounds of marijuana or marijuana product at any given location, requires 24 hour Washington State licensed armed security guards, sufficient in number to protect the licensee's facility, as established at the discretion of the Washington State Patrol."

Intent #2:

Facilities quantitatively demonstrated to qualify as "major producers" under an established weighable amount as decided upon by the Liquor Control Board, in comparison to aggregate licensees, would fall under this requirement. This requirement distinguishes between the production/processing of marijuana and marijuana products from the storage of marijuana and marijuana products, as either large production volumes or high volume independent or collective storage facilities increase the risk of theft, loss, or destruction. Utilizing a set volume over time benchmark, the Liquor Control Board and Washington State Patrol can accurately assess and enforce security requirements from licensee production/storage records. The establishment of required licensed armed security officers will aid in the prevention of internal loss, criminal theft, criminal attack, accidents, and errors. Additionally, these measures would protect the integrity of material traceability, public safety through competent security personnel, and ensuring public law enforcement personnel and resources are not required to maintain a persistent presence for the protection of private businesses, their operations, and property. Under this requirement, the scope and scale of legally required security officers could be assessed and determined by the Washington State Patrol, either on a site-by-site basis, or enact a set standard in direct correlation to the scale of a licensee's regulated business activities.

Recommendation #3:

"Any producer/processor transporting (x) pounds or more of marijuana or a marijuana product, requires Washington State licensed armed security sufficient to protect the transportation vehicle during loading, transit, and unloading, as established by the Washington State Patrol."

Intent #3:

Transportation of large quantities of marijuana or marijuana products away from well-secured places of business expose the transported materials to heightened risk due to significantly reduced security measures. It is our belief that requirements for transportation security should mirror that of currency transportation in direct correlation to the quantity to be transported. Utilizing a set weight benchmark, the Liquor Control Board and Washington State Patrol can accurately assess and enforce security requirements from licensee transportation manifest records. Under this requirement, the scope and scale of legally required transportation security officers could be assessed and determined by the Washington State Patrol, either on a shipment-by-shipment basis, or enact a set standard in direct correlation to the volume of a licensee's transportation activities. Additionally, this requirement will promote safety of the public and law enforcement officers by means of safe and proper identification, especially during traffic stops of licensees transporting marijuana and marijuana products while armed.

Recommendation #4:

WAC 314-55-085-5(a) "Only the marijuana licensee or an employee of the licensee may transport product, or licensed private security guards with the licensee or an authorized employee immediately present."

Intent #4:

For licensees and/or employees uncomfortable transporting quantities of marijuana or marijuana products between other licensees, we recommend the option be given for licensed security personnel to provide professional driving of the vehicle, with either the licensee or an authorized employee contained within the same vehicle. This change would promote greater security in-transit and make Recommendation #3 more easily implementable and enforceable.

Recommendation #5:

WAC 314-55-085-5(f) "At no time may the licensee, or their authorized employee, and/or security guards leave the vehicle unattended while transporting marijuana or marijuana products."

Intent #5:

The current rules do not seem to address this potential security breach, as the potential for loss of shipment control is greatly increased if the vehicle is left unattended at any

time. An exception for smaller volume shipments would be a Liquor Control Board approved locked tamper-evident container as described in subparagraphs "b", "c", and "d".

We thank you for taking the time to consider our recommendations, and will happily answer any additional questions you may have regarding our recommendations or their implementation. We can be readily reached at any of the points of contact as provided on the cover page of this letter.

Sincerely,

Zachary Vdolek
Legionnaire + CEO
SCAR

Andrew Kelly
Chief Advisor
SCAR

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 10:53 AM
To: 'Langer, Michael (DSHS/DBHR)'
Subject: RE: DBHR Comments to I-502 draft rules

Michael,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Langer, Michael (DSHS/DBHR) [<mailto:LangeME@dshs.wa.gov>]
Sent: Friday, June 07, 2013 4:15 PM
To: rules
Subject: DBHR Comments to I-502 draft rules

Please see attached recommendations from the Division of Behavioral Health and Recovery. Thank you for the opportunity to provide input.

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Comments to Washington State Liquor Control Board
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*Prevention, Treatment and Evaluation Considerations from
Washington State Division of Behavioral Health and Recovery (DBHR)*

Comment #1:

WAC 314-55-015 General Information about Marijuana Licenses:

DBHR recommends the following change to WAC 314-55-015, General information about marijuana licenses:

(3) Minor restricted signs must be posted ~~at all marijuana licensed premises~~ on all entrances of all marijuana licensed premises. Recommended sign language: "Washington State Law prohibits the sale and use of marijuana and marijuana infused products to persons under 21 years of age. Persons under 21 years of age not permitted on these premises."

Rationale:

Research clearly indicates that youth exposure to marketing has significant impact on their decision to drink or use substances.^{1,2} Therefore, it is important that we reduce youth exposure to marijuana products as much as possible. It is our recommendation that all retail establishments be required to post clear messaging on every entry on the outside of their building and near cash registers stating that they do not sell marijuana or marijuana infused products to any person under the age of 21, and informing adult customers that providing minors with marijuana is a felony. Additionally, all outlets should have signage that clearly states that persons under the age of 21 are not permitted within their establishment. Like with alcohol, the Board should consider providing retailers with stickers that provide clerks with information about the date of birth that should appear on a customer's identification card.

Source:

1. The Center on Alcohol Marketing and Youth, available at (http://www.camy.org/factsheets/sheets/Alcohol_Advertising_and_Youth.html) – citing to L.B. Snyder, F.F. Milici, M. Slater, H. Sun, and Y. Strizhakova, "Effects of Alcohol Advertising Exposure on Drinking Among Youth," *Archives of Pediatrics and Adolescent Medicine* 160 (2006): 18-24.
2. RAND, "Conference and Webcast on Public Health Regulations for Marijuana," video available at (<http://www.c-span.org/Events/RAND-Corp-Holds-Discussion-on-Public-Health-Effects-of-Marijuana/10737437957-1/>).

Overall:

No matter what approach is taken, the Board is encouraged to keep in mind that minimizing exposure of people under twenty-one years of age to marijuana is an explicit goal of I-502.

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Comment #2:

WAC 314-55-081 Who can apply for a marijuana retailer license?

DBHR recommends the following consideration to WAC 314-55-081 Who can apply for a marijuana retailer license:

Consideration:

The Board should be conservative, but also pragmatic, when granting licenses and siting marijuana retail outlets. The number of retail outlets should reflect consideration not only of the amount of marijuana that will be produced, but also the goal of adequate geographic distribution throughout Washington State. It is suggested that the Board consider using the method to determine the placement of liquor stores that was used prior to the approval of Initiative 1183. The method was effective in providing communities with liquor in an equitable manner and preventing over-consumption and underage access. The Board should consider prohibiting internet, mail order, drive-through window and delivery sales of marijuana and marijuana infused products.

In addition to the Board notifying local jurisdiction of retail license applications, they should also develop a notification system that allows local community members, organizations and stakeholders to view pending licenses so that they have the opportunity to contact local officials regarding their views on the applications.

A transparent retail license approval process that is easily monitored by communities will increase the likelihood that public health and equity concerns are identified and taken into consideration.

Source:

1. Task Force on Race and the Criminal Justice System, Preliminary Report on Race and Washington's Criminal Justice System, available at (http://www.law.washington.edu/About/RaceTaskForce/preliminary_report_race_criminal_justice_030111.pdf).
2. Centers for Disease Control, Minority Health Webpage, available at (<http://www.cdc.gov/omhd/topic/minorityhealth.html>).

Overall: The Board should be mindful of I-502's potential for unintended consequences. A recent report that examined race and Washington's criminal justice system determined that "the fact of racial and ethnic disproportionality in our criminal justice system is indisputable."¹ It is also known that certain communities of color "experience a disproportionate burden of

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preventable disease, death, and disability compared with non-minorities.²” In light of these realities, it is important that I-502 is implemented in a manner that seeks to move us closer to justice and equality. Racial disparities in law enforcement and public health outcomes hurt children, families, and communities.

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Comment #3

WAC 314-55-086 What are the mandatory signs a marijuana licensee must post on a licensed premises?

DBHR recommends the following change to WAC 314-55-086 What are the mandatory signs a marijuana licensee must post on a licensed premises:

- (1) Notices regarding persons under twenty-one years of age must be posted on the premises as follows:

Type of licensee: Marijuana producer, marijuana processor, and marijuana retailer.

It is recommended that signs contain the following language: "Washington State Law prohibits the sale and use of marijuana and marijuana infused products to persons under twenty-one years of age. Persons under twenty-one years of age not permitted on these premises."

Required location of sign: ~~Conspicuous location~~ Posted in plain view at each entry to the premises establishment.

- (2) Signs provided by the board prohibiting opening a package of marijuana or marijuana-infused product in public or consumption of marijuana or marijuana-infused products in public, must be posted as follows:

Type of premises: Marijuana Retail

Required location of sign: Posted in plain view at ~~the main~~ each entrance to the establishment.

Rationale:

Research clearly indicates that youth exposure to marketing has significant impact on their decision to drink or use substances.^{1,2} Therefore, it is important that we reduce youth exposure to marijuana products as much as possible. It is our recommendation that all retail establishments be required to post clear messaging on every entry on the outside of their building and near cash registers stating that they do not sell marijuana or marijuana infused products to any person under the age of 21, and informing adult customers that providing minors with marijuana is a felony. Additionally, all outlets should have signage that clearly states that persons under the age of 21 are not permitted within their establishment. The Board should consider developing these signs for retailers, to ensure that messaging is clear and consistent. Additionally, like with alcohol, the Board should consider providing retailers

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with stickers that provide clerks with information about the minimum date of birth that should appear on a customer's identification card.

Source:

1. The Center on Alcohol Marketing and Youth, available at (http://www.camy.org/factsheets/sheets/Alcohol_Advertising_and_Youth.html) – citing to L.B. Snyder, F.F. Milici, M. Slater, H. Sun, and Y. Strizhakova, "Effects of Alcohol Advertising Exposure on Drinking Among Youth," *Archives of Pediatrics and Adolescent Medicine* 160 (2006): 18-24.
2. RAND, "Conference and Webcast on Public Health Regulations for Marijuana," video available at (<http://www.c-span.org/Events/RAND-Corp-Holds-Discussion-on-Public-Health-Effects-of-Marijuana/10737437957-1/>).

Overall:

No matter what approach is taken, the Board should keep in mind that minimizing exposure of people under twenty-one years of age to marijuana is an explicit goal of I-502.

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Comment #4:

WAC 314-55-105 Packing and Labeling Requirements:

DBHR recommends the following change to WAC 314-55-105, Packing and Labeling Requirements:

Consideration #1: Change warning label to be more specific.

(7) All usable marijuana when sold at retail must include accompanying material that contains the following warnings that state:

- (a) "Warning: Smoking ~~may be~~ is hazardous to your health; marijuana smoke contains chemicals known to cause cancer".

Rationale:

We cannot claim with scientific certainty that smoking marijuana causes cancer despite knowing that it has cancer causing agents in it. We do not recommend that the health warning state 'marijuana smoking causes cancer' until this claim has a solid research foundation.¹

We do know:

- 1) Marijuana smoke contains cancer causing chemicals.²
- 2) Smoking, in any form, is hazardous to your health.³
- 3) Smoke can trigger asthma; inhaled causes fine particulates in your lungs. This is widely recognized as unhealthy, regardless of what kind of smoke it is.

Consideration #2: Change warning label to be more specific.

(9) Labels affixed to the container or package containing useable marijuana sold at retail must include:

- (e) Warning that states: "~~May be habit forming~~ Marijuana is addictive".
- (add) (f) Resource information that states: "For 24-Hour Help for Substance Abuse, call the Washington Recovery Helpline at 866.789.1511"

(11) Labels affixed to the container or package containing marijuana-infused products sold at retail must include:

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(k) Warning that states: “~~May be habit-forming~~ Marijuana is addictive”.

(add) (l) Resource information that states: “For 24-Hour Help for Substance Abuse, call the Washington State Recovery Helpline at 866.789.1511”

Rationale:

It is estimated that 9 percent of people who use marijuana will become dependent on it. The number goes up to about 1 in 6 in those who start using young (in their teens) and to 25-50 percent among daily users. According to the 2010 National Survey on Drug Use and Health, marijuana accounted for 4.5 million of the estimated 7.1 million Americans dependent on or abusing illicit drugs.⁴ In 2009, approximately 18 percent of people aged 12 and older entering drug abuse treatment programs reported marijuana as their primary drug of abuse; 61 percent of persons under 15 reported marijuana as their primary drug of abuse.

Consideration #3: Prohibit packaging that is appealing to youth.

- (add) (13) Products may not be packaged similarly to products that are generally directed at youth or have special appeal to youth;
- (a) Marijuana and marijuana infused products shall not bear a reasonable resemblance to any product available for consumption as a commercially available candy.
 - (b) Marijuana and marijuana infused products shall not bear reasonable resemblance to any usable marijuana product or accessory, i.e. Marijuana joints; pipes; bongs.
 - (c) Marijuana and marijuana infused products shall not bear flavoring that has specific appeal for children.
 - (d) Marijuana and marijuana infused products should be packaged in plain, opaque, tamper-proof, and child-proof containers without depictions of the product, cartoons, or images that would be appealing to those under the age of 21 years.

Rationale:

It is important that the Board adopt rules that prevent packaging that appeal to youth. Any useable marijuana or marijuana-infused product should be packaged uniformly with an emphasis on preventing access by young children. The Board should adopt rules that reasonably restrict the manner in which useable marijuana and marijuana-infused products are

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packaged to avoid appealing to youth. For example, edible products currently being sold by medical marijuana dispensaries include brightly colored lollipops, cotton candy, and snow cones. Such products have obvious appeal to children; in addition to explicit labeling, opaque packaging would minimize the risk of accidental consumption.⁶

Source:

1. Hashibe, M. Straif, K., Tashkin, D.P., Morgenstern, H., Greenland, S., & Zhang, Z.F. (2005). Epidemiologic review of marijuana use and cancer risk. *Alcohol*, 35(3), 265-275; Marselos, M., & Karamanakos, P. (1999). Mutagenicity, developmental toxicity and carcinogenicity of cannabis. *Addiction Biology*, 4(1), 5-12.)
2. California's Environmental Protection Agency publishes a list of chemicals known to cause cancer or reproductive toxicity. Marijuana smoke is included on page 13: http://oehha.ca.gov/prop65/prop65_list/files/P65single052413.pdf.
3. The American Cancer Society cites numerous studies and scientific evidence pointing to the hazards of marijuana smoke. They liken it to tobacco smoke: "*Many researchers agree that marijuana smoke contains known carcinogens, or chemicals that can cause cancer much like those in tobacco smoke.*" <http://www.cancer.org/treatment/treatmentsandsideeffects/complementaryandalternativemedicine/herbsvitaminsandminerals/marijuana>
4. Barnwell, S.S.; Earleywine, M.; and Wilcox, R. Cannabis, motivation, and life satisfaction in an internet sample. *Substance Abuse Treatment Prevention Policy* 1:2, 2006.
5. O'Malley, P.M., and Johnston, L.D. Drugs and driving by American high school seniors, 2001-2006. *J Stud Alcohol Drugs* 68(6):834-842, 2007.
6. Carpenter, C.M., G.F. Wayne, J.L. Pauly, H.K.Koh, and G.N. Connolly. 2005. "New Cigarette Brands With Flavors That Appeal to Youth: Tobacco Marketing Strategies." *Health Affairs* 24(6): 1601-1610.

Overall:

The proposed revision to the language gives the strongest, most scientifically-accurate public health and substance abuse prevention message while still adhering to the evidence.

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Comment #5:

WAC 314-55-147 What hours may a marijuana retailer licensee conduct sales?

DBHR recommends the following change to WAC 314-55-147 What hours may a marijuana retailer licensee conduct sales:

A marijuana retailer licensee may sell useable marijuana, marijuana-infused products, and marijuana paraphernalia ~~between the hours of 6am and 2am~~ during the following hours:

Monday- Thursday: 10:00 a.m. to 9:00 p.m.

Friday- Saturday: 10:00 a.m. to 10:00 p.m.

Sunday: 12:00 p.m. to 5:00 p.m.

Rationale:

The Board should consider adopting rules on hours of operation for retail outlets that are similar to hours of operation for liquor stores prior to the adoption of Initiative 1183. Public health research indicates that limiting hours of sales reduces problems associated with excessive consumption and underage use.¹

Source:

1. Using Public Health and Community Partnerships to Reduce Density of Alcohol Outlets (2013), available at (<http://dx.doi.org/10.5888/pcd10.120090>)

Overall:

The Board should keep in mind that minimizing access and availability of marijuana to people under twenty-one years of age, is an explicit goal of I-502.

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Comment #6:

WAC 314-55-155 Advertising

DBHR recommends the following change to WAC 314-55-155 Advertising:

(1) Advertising by retail licensees.

The board limits each retail licensed premises to one sign identifying the retail outlet by the licensee's business name or trade name that is affixed or hanging in the windows or on the outside of the premises that is visible to the general public from the public right of way. The size of the sign is limited to sixteen hundred square inches.

Consideration: To reduce monitoring expenses it is recommended that the Board create one standard sign to be used by all marijuana retail outlets, similar to state liquor stores, which simply read, "LIQUOR."

~~(2) General:~~

~~All marijuana advertising of products sold in the state of Washington may not contain any statement or illustration that:~~

- ~~(a) Is false or misleading;~~
- ~~(b) Promotes over consumption;~~
- ~~(c) Represents the use of marijuana has curative or therapeutic effects;~~
- ~~(d) Depicts a child or other person under legal age to consume marijuana, or includes:
 - ~~i. Objects, such as toys or characters, suggesting the presence of a child, or any other depiction designed in any manner to be especially appealing to children or other persons under legal age to consume marijuana; or~~
 - ~~ii. Is designed in any manner that would be especially appealing to children or other persons under twenty one years of age.~~~~

Consideration:

DBHR recommends advertising and marketing of marijuana and infused products be limited to adult only locations, or where those under the age of 21 represent no more than 20% of the viewing or listening audience.

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It is strongly encouraged that the Board review the evidence of what has and has not worked in the alcohol and tobacco advertising context and apply those lessons to the development of rules that will regulate branding, marketing, and advertising of marijuana and marijuana infused products.

Source:

1. The Center on Alcohol Marketing and Youth, available at (http://www.camy.org/factsheets/sheets/Alcohol_Advertising_and_Youth.html) – citing to L.B. Snyder, F.F. Milici, M. Slater, H. Sun, and Y. Strizhakova, “Effects of Alcohol Advertising Exposure on Drinking Among Youth,” Archives of Pediatrics and Adolescent Medicine 160 (2006): 18-24.
2. RAND, “Conference and Webcast on Public Health Regulations for Marijuana,” video available at (<http://www.c-span.org/Events/RAND-Corp-Holds-Discussion-on-Public-Health-Effects-of-Marijuana/10737437957-1/>).

Overall:

From a substance abuse prevention perspective, the restrictions on advertising should be as strict as legally possible. The Board should also clearly document why the individual restrictions are necessary and provide supporting evidence. As with all public health policy, an enforcement mechanism needs to be identified, funded, and implemented for rules to be followed and effective. Restrictions on advertising are only effective if enforced and swift, meaningful penalties are levied.

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 11:06 AM
To: 'Jonathan Valdman'
Subject: RE: Okanogan Cannabis Association's requested letter with regards to Greenhouse cultivation

Jonathan,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

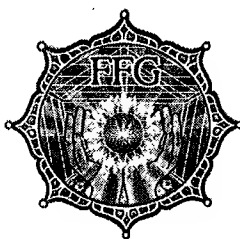
From: Jonathan Valdman [<mailto:jonathan@foreverflowering.net>]
Sent: Sunday, June 09, 2013 8:45 AM
To: rules
Subject: Okanogan Cannabis Association's requested letter with regards to Greenhouse cultivation

Please find attached my letter containing my professional opinion about greenhouse cultivation. Thank you for your time.

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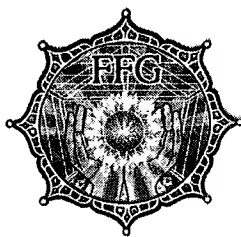
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To whom it may concern,

I own Forever Flowering Greenhouses, www.foreverflowering.net, the leading greenhouse company specializing in the production of medicinal and specialty flowering crops. I have had several articles published as to the benefits of growing in greenhouses. I was contacted by Okanogan Cannabis Association to share my perspective on greenhouses and their role in Legalization. I understand the concern of creating a safe environment. I also understand the concern of providing a safe and clean finished product for the consumption of the end user. I cannot stress enough the need for proper ventilation in a greenhouse with flowering plants. There is no fan in the world that will move as much air as a passively cooled and ventilated greenhouse. When combined with roll up side walls or side wall vents a greenhouse with a retracting roof or ridge vent will provide an environment that will prove to be a much healthier growing environment. It will also consume a lot less energy from exhaust fans trying to keep up with the Solar Gain of the structure. Without passive cooling most greenhouses are cooled with evaporative cooling systems. Three issues exist with evaporative pad cooling. When the cool moist air enters one side of a greenhouse it begins to warm up as it crosses the length of the structure. When it finally exits it is markedly warmer on the opposite side. With temperatures fluctuating crops tend to be inconsistent and the growing environment less controlled and dependable. Retractable and ridge vent passive cooling provides a much more precise control. Cooling pads create a humid environment giving rise to molds and mildews. The cooling pads themselves create a nest for molds and mildews to multiply and then blow across the greenhouse. This combined with the excess moisture within the canopy and inside the budding flowers give rise to increased levels of molds and mildews. The need to spray pesticides, moldicides, and fungicides increase with compromised health of the plant. This compromises the safety



and cleanliness for the end user and the surrounding areas in which the plants are grown. The advantage of a retractable roof greenhouse over a ridge vent cooled greenhouse is based in the intelligence of combining direct sunlight rich in natural UV with the benefits of UV filtering polyweave roof coverings. The retractable roof is programmed to open in the cooler parts of the day exposing the plants to UV light that will naturally kill off molds and mildews. When the UV levels begin to reach compromising levels for the plants growth process the roof closes, usually to about 85%, still allowing hot air to escape through the roof and filtering out the harmful UV. It has been found that when compared to outdoor growing and stationary roof growing retractable roof greenhouses provide the best environment for plant health and reduction to pests and disease. I strongly suggest using passively cooled greenhouses and focus on securing the perimeter of which the greenhouse is located. Properly controlled greenhouses create the ultimate environment for the production of resin producing flowering plants they save electricity, reduce the need for agricultural sprays and increase the vitality of the plants. Thank you for your time,

Jonathan Valdman

Forever Flowering, LLC

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 11:13 AM
To: 'Chris Newman'
Subject: RE: Comments on I-502 Draft Regulations

Chris,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Chris Newman [<mailto:classicplastic@gmail.com>]
Sent: Sunday, June 09, 2013 9:49 PM
To: rules
Subject: Comments on I-502 Draft Regulations

Hello,

Please find attached in Word format my comments and recommendations regarding the the draft regulations for the legalization of recreational marijuana in Washington. Some of these recommendations have a strong bearing on public safety and I hope that they will all receive a full considered review in this historic and nation-leading process.

If I can provide further clarification or input, please do not hesitate to ask.

Thank you for all of your hard work and for a surprisingly enlightened approach in crafting these new guidelines.

sincerely,

Chris Newman
Everett, WA

Comments to Draft I-502 Rules

Summary

There are a number of inherent practical challenging issues contained within, or created by, the current draft rules. Both tax revenues and market control are far from maximized and there are numerous unnecessary difficulties imposed on the industry licensees. But the worst of these issues, and the first addressed, is the consequence that, sooner or later, innocent people are going to be murdered.

These challenges can be corrected, however, mostly through a couple of tweaks and the creation of three additional marijuana license categories, together with the new opportunities for more control and higher tax revenues for which they set the stage:

1. "Bonded Marijuana Courier"
2. "Marijuana Plant Propagator"
3. "Marijuana Broker"

New license categories do not enable market domination, but rather make the existing system more practical, profitable and controllable for all.

About the author:

I'm a Washington state native and lifetime business owner, 64 years old. I'm currently developing a Small Farming Incubator and urban agriculture school on my 14 acre farm near Everett, WA. For the record, I have no current interest in becoming directly involved in the licensed marijuana industry, although I am much interested in growing industrial hemp as an agricultural product. However, I do have military training and decades of experience in business ownership in a wide variety of industries (including manufacturing and export), commercial agriculture and especially, commercial horticulture. I'm also a longtime student of social science and cultural evolution. So, I understand at least the practical business of growing legal commercial plants and the elements of regional economic development.

I favor, in order of priority, protecting children, public safety, all reasonable civil liberties for adults, social sanity, respect for the governments who deserve it, state economic development and maximizing reasonable tax revenues in ways that are optional for the taxpayers in which to participate. We are leading our nation into a new and historically unprecedented era of legalized recreational marijuana on a par with the end of alcohol Prohibition and which many other states will soon emulate, and it's important that we get it right the first time. With realistic operating rules and expectations, I believe that we can.

Contact: Chris Newman classicplastic@gmail.com Further inquiries are welcomed.

Comments Section

Challenge #1

The most-troublesome draft rule, a direct threat to both public and licensee safety, is found in **WAC 314-55-085 (5) (a)** "Only the marijuana licensee or an employee of the licensee may transport product."

To put it bluntly, this draft rule, as written, sets up a perfect storm for more than one life-ending disasters, just waiting to happen.

Mature marijuana, whether fresh-harvested or processed, is essentially little different than cash currency in its liquidity. However it is obtained, it can be easily converted into cash. Even after full regulation, at \$300 per ounce (10 times the price of silver), there is still going to be a black market, both for local purchase for "only" \$150 per ounce and for transport to other states where black market prices are still high. To this, add a large and economically desperate underclass that is not un-often addicted to other drugs, not to mention violent drug cartels who have no regard for human life.

As such and as the draft rules are written, marijuana shipments by amateurs will be a high and soft target for violent armed theft, especially in an unsecured situation such as the public roads. During shipment, processed marijuana should be treated like cash, not potato chips.

Restricting marijuana transportation to only a "licensee or an employee of the licensee" makes no more safety sense than forcing ordinary bank tellers to transport large sums of cash to other branches. In both cases, they simply are neither trained nor equipped to conduct this high-risk task in safety.

Especially considering the social dynamics, typical growers and/or processors will probably not be trained nor of the appropriate temperament for high security. Forcing the transporting of large quantities of high-value marijuana with no more protection than a locked box within the vehicle, which more than likely will be a normal vehicle or truck, and operated by amateurs, is just asking for serious trouble. It's not a matter of if, but when, this happens for the first time.

Exacerbating the problem is that these shipments will be frequent, performed by security novices and the carriers will probably tend to fall into patterns with both the vehicles involved and their logistics. This will make it easy for potential thieves to "case" the planned thefts and, knowing that they are facing "soft targets," robberies far more likely to occur. Without question, this is a recipe for homicide.

Granted, some licensees will be so large that they can afford to hire as employees qualified security guards and high-value transportation specialists, as well as purchasing armored transport vehicles. But, such expertise is expensive and it is easy to presume that the many smaller operators will have no choice but to "take their chances."

By any reasonable standards, this is a simply unacceptable, and unnecessary, safety scenario for both licensees and the general public. This is a job for professionals.

Recommended Solution #1:

*****Establish a "Bonded Marijuana Courier" license.*****

Essentially, this option would give the licensees, at all levels, who are not properly trained or equipped to transport high-value, soft target, shipments the opportunity to hire out critical transportation responsibilities to qualified secure transportation operators, exactly as banks and large stores do now with their cash. In other words, with trained bonded armed guards and armored vehicles.

Recommended "Bonded Marijuana Courier" Licensing Details:

1. The general requirements for this license should be essentially the same state requirements as for other armed courier services (bonding, training etc.), but with an additional "endorsement" for transporting marijuana.
2. At least with existing secure transport companies that are already licensed by the state, in order to rapidly enable this option for professional transport service, there seems no point in the onerous additional background checks for finances and justice system involvement etc. If these companies are already trusted and qualified to transport cash, they are certainly qualified to transport marijuana.
3. In order to maintain market competition between licensed professional transporters and also to not put onerous restrictions on operations that are large enough to maintain in-house secure transport, the use of professional secure transport should be an option to the grower/processor licensees, not mandatory.

Wording should be added (underlined in the following example) to WAC 314-55-085 (5)

(a): "Only the marijuana licensee or an employee of the licensee or a Bonded Marijuana Courier may transport product."

Challenge #2

Another issue, that negatively impacts both licensee profits and state control and tracking of individual plants, is to be found in various parts of **WAC 314-55-083**

"(Introduction) To prevent diversion and to promote public safety, marijuana licensees must track marijuana from seed to sale."

While the general idea of closely tracking the plants throughout the crop cycle is sound, the mindset behind this language demonstrates a fundamental lack of understanding of the marijuana crop process itself. This, in turn, opens the door wide to a variety of difficulties and unacceptable results for both licensed Producers (growers) and the state.

In order to convey a full understanding of the problem and how the recommended solution meets this need, a fair amount of basic background detail is required:

For many reasons, the norm in the current marijuana industry is always to propagate clones from desired seedlines to create (propagate) new "starter" plants, not planting seeds. Seeds are only used for establishing new clone lines in the grower's operation, normally in order to expand their offerings, but also for research and development by interested parties, both commercial and amateur.

Marijuana is not a generic product like wheat, where all seeds are genetically identical and where the plants are propagated in bulk. The best analogy is probably the liquor industry, where there are a wide number of varieties and brands except that, instead of the varieties being created by the manufacturer's art, the variations are contained within a plant strain's genetic code.

Unlike most agricultural crops, marijuana is not especially genetically stable in seed production and almost every seed will somehow perform differently, one way or another.

Starting marijuana crops from seeds negatively impacts the grower's production efficiency and makes vital product consistency nearly impossible to attain.

In addition to the lack of consistency, starting a marijuana plant from seed adds about 25% to the crop cycle time, due to the necessity for a new seedling to reach "sexual maturity." In an expensive, high-security growing environment, this adds significantly to the grower's overhead costs.

From the state's standpoint of necessarily controlling market supply availability, this additional required time will also negatively impact the state's control over market quantity levels by extending the time lag between the ordered change in quotas and the resulting changes in market inventory.

Producing seeds for future crops also requires committing expensive crop-growing space to grow seed mother plants to maturity with little, if any, commercial value. It also requires the maintenance of male plants, which risks the pollination and devaluation of nearby commercial production. The market demand is for "sinsemilla" (Spanish for "without seeds"), which is stronger and more pure. The taste of burning seeds is completely unacceptable to the retail public.

Unwanted pollination also creates the risk of viable seeds becoming produced and slipping through into the end smokeable product, which makes it easier for the general public to engage in black market growing. It is not reasonable to expect the Processors of smokeable products to pick out seeds, much less find every single one.

Another problem with starting marijuana plants from seed is that about half of them will produce male plants right in the middle of the desired females, and after the crop is more than half-grown. Unwanted male plants waste expensive growing space and significantly lower the net crop weight of usable material. In addition, accidental pollination further diminishes yield due to seed weight and the fact that the plant then focuses on growing the seeds, rather than producing additional flowers. Unwanted males also threaten the entire remaining female crop with pollination, which renders it fit only for lower value Processor oil extraction for use in "infused" products.

The sex of the plant cannot be determined until the month-longer vegetative stage has been completed, at which point half the crop must be ripped out and destroyed by cumbersome approved methods. However, since male flowers are small and few in the beginning, making them hard to identify in time, the odds are strong that some viable pollen will remain in the growing system for weeks, thereby contaminating the entire crop.

Multi-generation marijuana has an almost continuous genetic variation from one generation and strain to the next. These variations affect growth rate, productivity, taste, flavor and user experience to a high degree. There are more than 2,000 named strains from breeders all over the world. Traditionally, a new grow operation may begin with the best available seeds (frequently purchased by mail from international sources) than grown out, with the best and most nearly-identical to the parent stock selected for vegetative propagation (clones) to start new plants.

But, vegetatively propagated clones from new seedlings must be taken before each seedling reaches sexual maturity or else the odds for successful rooting and propagation diminish dramatically. So, this process requires taking cuttings of every single plant, with at least half of them being discarded, if only for turning out to be male. Only after the first-

generation mother plant has been grown to maturity and tested/evaluated, can the final selection of clone lines be made and bulk clone propagation commenced.

In the meantime, each of these "research" plants must still be accounted for, even though not intended for the commercial retail market. This is a huge waste of time, labor and expensive state and licensee growing resources.

Finally, while cloning from a single mother plant will produce sufficient quantities for a small amateur operation, as it does today, in a commercial growing scenarios where a single crop may contain thousands of individual plants, it may take multiple identical mother plants to produce enough starter plants. This would require growing multiple generations of clones just to have enough mother plants to start a new crop. Each additional generation of mother clones grown from clones will add about two more months to the process.

From start to finish, in order to propagate a bulk quantity of production clones starting from a single unique seed, this process takes anywhere from nine months to a year.

An additional challenge to the Producer is that, with an expected wide and continuous variation in market demand for various tastes, flavors, user experiences etc., this process will need to be repeated for every single general seedline, perhaps dozens of times. Growers tend to not be willing to share their hard-won strains with their competition, so there will not be a lot of "natural" industry distribution of valuable clone lines:

This is why clone propagation via rooted cuttings, as costly and wasteful as it is to maintain, is the marijuana industry standard method.

But, clone propagation, which is not 100% successful, is also completely impossible for the state to track. While it may be possible to keep track of the number of seeds, a mother plant can produce anywhere from a few to many dozens of clones to root out. So, there is simply no practical way for the state to keep track of each and every clone that can potentially be produced, with the possibility of the diversion of over-production.

The bottom line is that the state's ability to regulate the retail market supply and the prevention of diversion of viable plants outside of the regulatory system by the mechanism of Producer self-reporting is pretty much impossible.

These reasons are why high-quality production marijuana is never grown from seed. So the presumption by the state that it starts off on the wrong foot altogether.

The largest problem that this creates, however, is that this mindset forestalls the enabling of the better, less expensive and more tightly-controlled starter plant propagation options that are already available to the normal commercial horticulture industry: Well-documented Plant Tissue Culture propagation in laboratories.

Another part of this same chapter further contributes to the challenges of grower efficiency and state control:

WAC 314-55-083 (4) (a) " "Key notification of "events", such as when a plant enters the system (moved from the clone to the vegetation production area at a young age);"

Ideally, for control purposes, clones will be accounted for just as soon as they root and show the beginnings of growth, not when they finally enter the production system at the fuzzy "young age" mark.

And, since net crop weight between strains, grower skill and growing systems can vary by as much as 16-fold or more, the individual strains should also each be identified and tracked, in order to build up a "fingerprint" for a reasonable expectation of crop weights per plant and strain by that particular grower and their production methods (indoors or in greenhouses.)

One way to do this is to require the creation and reporting of a unique printed plant tag, as for traditional landscape plants, for each and every rooted marijuana clone, including a unique identifying number/code. This tag should be located within the individual container or near the plant (in bulk growing systems) continuously from initial rooting through to harvest. In either case, they should be readily available to inspectors to compare with the physical crop.

Such blank tags are already readily available, although they require the use of a less-common laser printer to print. For user ease, uniformity and integration of the data into the state's data base, the label creation and reporting software should be provided by the state.

These individual tags would be one of the first and easiest ways to audit production and processing scenarios both for inspectors when on-site, as well as with automated data crunching. With this requirement, each viable plant requires a tag and each tag is digitally tied to the state data base with a simple scan. Immediately, the inspector will know the age of the plant and the approximate size that it should be, with the ability to quickly compare that information with each actual plant. If someone was re-using the same tag or under-reporting crop weights for diversion purposes, it would be quickly apparent.

These tags would follow each plant and aggregate harvests from rooting to growing and through the processing process. Once the crop has been processed and packaged, each tag would be reported by the processor to the state as having been "completed" and the unique digital ID for each plant could then be "retired."

Or, perhaps better, the digital ID that was generated when the clone first became viable (rooted in soil) could be carried forward into the testing and ultimately the retail labeling. If a problem in a retail product should arise, it then would be fast and simple to track back the source material to the exact grower and crop, if not each individual clone. If there are problems, they will arise as a result of problems by the grower or processor, not the individual plant in a group of identical clones, so the post-harvest tracking of each individual plant is not necessary.

Also ideally, the performance parameters of a particular identified clone line should be reported by both Producer and Processor in order to build up a profile "fingerprint" of sorts for each clone line. Useful information would include the name and patent number (if that protection becomes available), the measured strength of the strain line, how it is being grown (under lights or in greenhouses, which varies up to four fold in net plant production) the average harvest weight per plant, the average net cured weight of the plant, the time from clone planting to vegetative stage completion and the time from vegetative completion to maturity and harvest.

The crop cycle time is especially important to note because a crop cycle between strains can vary anywhere from three to nine months and the net harvest weight will not necessarily exactly correspond to production time. So, with the combination of strains, growing systems and self-reporting of clone production, it would be entirely possible, with easy, for Processors to under-report the actual annual crop weights by 50% or more.

If it is not too costly or burdensome, a digital copy of each strain's genetic fingerprint maintained within the state's data base would provide additional security that what is being reported is what is actually being grown. For example some strains will typically produce 4 ounces per plant, while others can produce two pounds. So, the potential for a diversion of up to 50% or more of the crop at harvest, while still seeming to maintain compliance with state regulations, is very real. Genetic verification by an inspector would take no more than taking a sample leaf by an inspector and submitting it to an appropriate laboratory for genetic analysis and comparison to the reported strain.

Just being aware that such genetic verification and production "fingerprinting" is possible will be enough to forestall many Producers from even considering the idea. As things stand, there are so many loopholes in the system that real control is nearly impossible.

Probably the best candidates for genetic analysis would be the same companies that will be testing for strength, purity etc. that is already required before the processed product is released for retail sales. The machines are different, but the services are organized in much the same way in similar laboratory settings.

Over time, while there will certainly be variations, a general profile of the performance for each genetic strain-line will build up in the state data base and any marked departures from the norms can be automatically red-flagged by the tracking software for closer scrutiny, thereby saving inspector time and costs.

Similarly, individual growers can be tracked for consistency of production volumes etc. from crop-to-crop and any marked departure, or pattern of departures, compared to other growers of the same strain-line, will become apparent.

With these profiling safeguards in place, "problem growers" will quickly stand out and state inspection resources can be best targeted to them, rather than relying 100% on random inspections. This will save considerable agency costs.

In conclusion, within what can be expected to be a dynamic and ever-changing retail market for smokeable products, the requirement for Producers to maintain a wide and ever-expanding library of mother plants, that must be regenerated every two months, will be onerous, time consuming and expensive to maintain. Keeping track of everything and reporting them to the state will be a large administrative challenge for the growers.

But, without such safeguards, control by the state, in terms of the number of plants in production (other than chaotic self-reporting), anticipated crop weights and the critical final quantity of the product that ends up in the retail stores, will be very limited, if not pretty much impossible.

The only way for the state to maintain near 100% control of the marijuana industry would be to control the number of starter plants by positioning itself as the sole source to Producers. This is similar to draft legislation to legalize industrial hemp by forcing growers

to purchase all seeds from a state agency and then to sell the crop seeds back to the agency, at whatever prices the agency chose to charge and pay.

For any number of reasons, not the least of which is that government usually is incompetent when it directly involves itself into the free market and that true perfection is an illusion, such strong "state-control" options are totally unacceptable. This is the pathway to state fascism and it's a slippery slope that America does not want to tread: "The price of liberty is eternal sloppiness."

However, it is at least possible to "grease the skids" by designing a regulatory system so that Producers will tend to naturally gravitate toward a marijuana industry distribution chain that maximizes the state's tracking and control to a reasonable degree, and without government takeover of the free market system, which should belong to the people. If the state has 90% of perfect control of the marijuana industry, that's good enough, and certainly much higher than the draft I-502 rules are setting up.

Recommended Solution #2:

******Establish a new "Marijuana Propagator" license category.******

In order to lay the foundation to understand the importance of this new license category, some moderately technical explanation and comparison is necessary on the two different basic methods of creating the critical new marijuana starter plants.

Rooting cuttings from mother plants, as discussed above, while technically simple, is both time consuming and relatively costly to perform in large volumes that are anticipated in a legalized market, where much of the existing wide-spread black market production will be concentrated into a much smaller number of licensees who are growing on a much larger scale. Self-reporting of clone production by Producers also opens the door to a host of transgressions that are not difficult to envision.

The other propagation option, plant tissue culture, while requiring a high level of technology and expertise that is far beyond the normal Producer's capability, is ultimately less expensive for the Producer, shifts necessary administrative burdens and self-reporting away from growers to independent parties, while at the same time providing a far greater-breadth "library" of strains and consistency from crop to crop.

On a practical basis, a specialist propagator who engages in propagating starter plants for many different Producers is in a much stronger position, and more motivated, to report each starter plant's propagation to the state. So, much of the administrative burden will be shifted away from growers to independent professionals. The independence of these professionals will go far in honest and accurate reporting to the state's tracking system, both what is being produced and who is growing out the crops.

There are many good reasons to believe that most growers will tend to gravitate toward out-sourced starter plants without coercion, instead of producing them in-house, if they at least have the option. The main motivations for the Producers to purchase starter plants from an independent source include a lower administrative burden, removing the need for genetic documentation for each strain, a quantum leap in the choice of genetic characteristics, more-efficient use of expensive secure growing space, speed and ease of obtaining new starter plants and a significantly lower net unit cost.

A Comparison with Traditional Horticulture

In many ways, the commercial marijuana production industry closely resembles the highly-competitive existing commercial horticulture industry, where each plant strain is a critical competitive element and each plant is accounted for, if only as a group, if not as individual plants. Again, the market demand for particular marijuana strains that evolves continuously will be the norm and creating/maintaining a large library of strains through rooted cuttings is a burdensome and expensive task. Because of this, one common industry segment is the starter plant Propagator specialist.

Normally, unless starting from true-breeding seed from specialty sources, the wholesale commercial horticultural growers start with, again, purchased rooted clones of a desirable strain. Plant growing in large quantities is a different lifestyle than plant propagation and it's just easier, simpler and cheaper than doing so oneself.

Most commercial horticultural plant growers do not produce their own clones. Instead, they purchase what is known as "liner stock" from commercial propagation nurseries that specialize in the sophisticated propagation of clones, also known as "plant propagators." Since plant propagation in bulk is fairly inexpensive, except for the expensive facilities and required expertise to establish, this turns out to be far more cost-effective and efficient than producing the liner stock in-house.

The most sophisticated of these commercial propagators do not propagate new starter plant clones from vegetative cloning (rooting of cuttings) for the same time- and cost-efficiency reasons that will challenge high-volume commercial marijuana Producers. Instead, these commercial propagators use plant tissue culture in sterile laboratories.

This tissue culture propagation process is exactly the better option that a "seed-centric" and/or "rooted cuttings" state perspective forestalls by not considering and enabling it on a level that is practical for the commercial propagator.

Washington is home to dozens of such commercial tissue cultured horticultural "liner stock" suppliers (propagators) and one stellar example, with hundreds of large greenhouses, is Briggs Plant Propagators near Olympia, WA. Briggs sells and ships hundreds of thousands, if not millions, of starter plants all over the world. A field trip to Briggs by WSLCB would be very instructive and provide strong clear guidance into the future marijuana industry, if not quite at this huge scale.

This plant tissue culture propagation is far more technically challenging and costly to establish, both in terms of expertise and facilities, than the vast majority of licensed marijuana "Producers" are likely to possess. For most producers, maintaining an in-house tissue culture lab is simply not an option, leaving the multi-problematic "rooted cuttings" process as the only other recourse to create starter plants by the thousands each year.

Again, this is a job for professionals, who can produce an unlimited number of clones in the shortest possible time with the widest variety and most cost-effectively than individual growers.

The protocols for the tissue culturing of marijuana have already been worked out and are obtainable from a small number of sources, if one looks hard enough. A trained TC professional will have no difficulty conducting the process with marijuana strains.

What is Plant Tissue Culture?

Plant tissue culture can most easily be described as "Plants in Test Tubes." For detailed information on the process, please see the book of the same name by (now deceased) Washingtonian Lydiane Kyte. It was Ms. Kyte who put both Briggs and Weyerhaeuser into the plant tissue culture business, as well as teaching it at the University of Washington in the early 1980's.

The TC process requires a sophisticated education and facilities to conduct, that will be far beyond the skillsets and resources of most semi-professional licensed Producers. This process is done in a sterile environment in what is essentially plant micro-surgery and one worker can propagate thousands of plantlets per day, which will be ready to plant out as crops about a month later. It will not be described in detail here, though a basic overview of the process should prove instructive:

In short, the process of creating a rooted clone via tissue culture starts out as a "green blob" of plant material (technically known as an "undifferentiated phytoblast") in a sterile state in a nutrient/gel-filled test tube that is stored within the propagator's "gene bank." These green blobs are created by taking a particular portion of the living plant (aka an "ex-plant"), sterilizing it and "taking it in-vitro" via hormonal manipulation of the nutrient gel. This is known as "Stage I" of the TC protocol (process).

Once a plant gene bank is established, not a cheap process, maintaining genetic copies indefinitely in this green blob state is relatively inexpensive and requires just a small amount of shelf space, rather than greenhouses full of large mother plants that must be regenerated every few months. Maintaining 100's or even thousands of individual strains and seedlines on shelves in test tubes is relatively easy and inexpensive with this method, even though the technical requirements will be far beyond most Producer's capacities.

In "Stage II," portions of the "banked" green blob are excised and placed into new test tubes with a different growing medium gel formula. The undifferentiated plant cells begin to differentiate into the normal parts of a plant, including stems and leaves on a miniature scale (1/4" or smaller). These can be further divided at this stage in unlimited quantities to quickly create the desired number of plantlets that will eventually go on to become rooted cuttings.

In "Stage III," the plantlets are individually transplanted into new test tubes (or flasks, in quantity batches) with yet a different growing media formulation. In this stage, the plantlets grow roots and begin to turn into regular plants, though still on a tiny scale starting at about 1/4"-1/2" in size.

After growing out to an inch or two in size in flasks, these tiny, but complete, plants are then entered into "Stage IV," where they are finally transplanted into a soil-type growing medium and they leave sterile test tube life forever. They are further grown out and hardened off, then sold to wholesale growers as the finished "liner stock" that will reach 4' - 8' in size in three to six months.

Once the TC lab and gene bank is established, this entire process, from Stage I through Stage IV, requires only about one month to complete, compared to roughly three months or more via the vegetative rooted cutting propagation that the state envisions and that the current black market practices.

In the world of commercial horticulture, plant liner-stock propagation from tissue culture specialists has evolved naturally and organically, because the new technology was available. If this is also enabled with the creation of a "Marijuana Plant Propagator" license, it is reasonable to expect that the marijuana industry will follow the same course, without coercion or interference by government.

Because of the inherent production efficiencies and the economies of scale, a tissue culture lab can produce "rooted cuttings" far faster and much more economically, from a breadth of gene bank choices that are far beyond the typical licensed Producer. Though technical far beyond the lay person's expertise, tissue culture is really the only efficient and cost-effective method to produce large commercial quantities of marijuana starter plants. In the past 30 years, TC has become the defacto source for most commercial starter plants.

It is at the Stage iV point, when the newly-propagated plantlet's survival is certain, that a digital tracking tag can easily be created by the Propagator and reported to the state, along with all known strain parameters, including anticipated final harvest weight etc. and the Producer who will be growing them out. No one else in the supply chain will be in such a ready and motivated position to initiate these tags as a Propagator.

It can be anticipated that, for many reasons, the majority of licensed Producers will opt for tissue cultured starter plants, with the cost per plant only a tiny fraction of the harvested weight, if such a service was available from a licensed "Marijuana Propagator." State control will be also strengthened because it is the Propagator who is initiating the tagging the plants at an earlier stage with reporting to the state, not the Producer.

Another unaddressed issue that may arise is if the state limits the number of plants that the aggregate Producer industry is permitted to grow. Propagated-only plant starts should not be lumped into these limits and restricted proportionately. However, a Propagator is in an excellent position to be notified by the state about upcoming possible production quota changes, with the ability to notify their customers and help them to adjust their business planning.

Recommended Propagator Licensing Details:

1. In fairness, the use of professionally propagated marijuana starter plants should not be mandated. Producers should still be permitted to create their own rooted cuttings by any method, if they choose. But, considering the huge numbers of TC propagated plants from which it would be simple to divert unlimited quantities and considering the self-reporting "key event" procedures, selling to other Producers should be restricted to only licensed Propagators.

But, in reality, it can be expected that the ease of obtaining any quantity of a wide variety of strains/seedlines for an economic price and a large labor and production space savings will impel many, if not most, Producers to opt for the better route and purchase tissue cultured liner plants from licensed Propagators.

So, the defacto, if not mandated, source of starter plants will likely be licensed Marijuana Plant Propagators who can produce starter plants on demand in any quantity and whose entire business basis requires timely and accurate reporting to the state. Based upon a projected 187,000 pound annual market demand (Time magazine) and an average 4

ounce harvest weight per plant, the annual requirement for starter plants in Washington state will be around 750,000 liners.

2. Yet another valuable service that a Marijuana Propagator can readily provide is to hold and grow the small plants beyond the initial "rooted clone" Stage iV and some distance into the 2 to 3 month "vegetative" stage. This Stage V propagation service is not uncommon in commercial horticulture and will maximize the utilization of the Producer's expensive high-security growing space and it will improve production efficiency by saving them considerable labor costs by not having to constantly repot and spread out growing plants as they become larger and start interfering with each other's growth.

Shifting some of the vegetative state growth to a Propagator will also allow Producers to operate smaller facilities at a significantly lower cost, yet enjoy the same crop weights. Every dollar in profit that a Producer earns, whether through production or overhead reduction, goes directly into the local economy, so this Producer efficiency factor through shifting at least some of the vegetative growth to the Propagator also bears strong consideration.

Recommended is that the Propagator be allowed to hold, and deliver to licensed Producers, Stage V marijuana plants of any size, provided that they contain no flowers, other than an unavoidable tiny fraction of the weight that may spontaneously appear. A few tiny flowers do make for a smokeable plant.

3. If it is necessary, or desirable, to grow plants through the flowering stage, say for research and development, the Propagator would need contract with a licensed Producer for the flowering stage growth, with the resultant flowers accounted for and disposed of through the normal state mechanisms of Processing or destruction.

4. A Propagator's license should not be permitted to licensed Producers, whether dual-licensed as a Processor or not. For various practical reasons, Processor, Retailer and the newly-envisioned Broker license category should be allowed to hold a Propagator license, either on a multi-license or sole-license basis.

There are many good reasons for this and it does not blur the sharp line between Producing/Processing and Retail, though it strengthens the positions of both. The most likely scenario is that the retailers, who are most intimately aware of ever-evolving market demand for a particular strain etc., will order (or initiate) a batch of propagated starts with the desired traits and then contract with a licensed Producer to grow them out for processing. This gives the retailer what they need in the quantities that they need in the shortest amount of time and it also provides operating stability and advanced planning for the contract Producer.

5. Also, as an agricultural services business, the Propagator should not be levied any additional excise tax upon sale to a licensed Producer. The Propagator will still be paying normal state B&O taxes etc. and contributing to the local economy by creating new jobs.

6. In addition, provisions should be made to allow the in-state transportation of marijuana plants in their vegetative state to licensed Producers (or by employees or optionally via Bonded Marijuana Courier) in a manner that accommodates the practical reality of transporting live plants, which cannot be jammed into small locked boxes, compared to packaged products, which can be. Vegetative-stage plants have no value to thieves, so

the only precautions necessary would be an enclosed vehicle, such as a box truck, which blocks public view of the contents.

7: By the same token, since pre-flowering marijuana plants have no "street value" and will require months of further growing-on in a controlled climate to gain such value, the Propagator's facilities, unless also multi-licensed with high value processed inventory, should be reasonably secure, though not extraordinarily so.

8. There seems little point in requiring a 72 hour hold prior to shipping, complete with video surveillance, of pre-flowering plants. This places an un-necessary and labor-expensive burden on the Propagator, who may be completing and delivering to licensed Producers all over the state many orders every day. Plants at the "ready to load" stage are also vulnerable, with a "shelf life" of days, and need the same conditions as the greenhouse proper. So, this verifiable 72 hour hold on living plants would essentially force the Propagator to set up a complete additional set of greenhouses etc., but with video cameras.

At this stage, all plants look alike, except for size, and there is really no way for video monitoring to have any positive impact on reported transaction accuracy, so attempting to do so would also be a complete waste of state resources. By this time, each starter/liner and/or pre-flowering plant will already have been reported to the state during the initial digital tagging process at Stage IV. So, the state will already know of every single plant that is in the Producer's inventory at all times. The time for the state to become concerned is if a plant is propagated and reported, but does not show up on a "sold" report within a few weeks of its maximum allowed "sell-by" date.

The simplest and least-costly procedure for all would be for the Propagator to report electronically to the state the size, contents and Producer-customer of each order, but without the time-consuming burden of physically staging the plants in groups just for video surveillance. Once the 72 hour hold had elapsed, the Propagator could then physically pick the plants out of the Stage IV and Stage V greenhouses, load them and deliver them to the Producers in the most efficient manner.

Challenge #3

There are actually two challenges here, with the same solution: Licensed "Marijuana Broker"

3A. There will inevitably be wide swings in product production rates and regional retail availability, which will have a strong impact on local market prices that will impact extra-legal activities. Controlling retail-quantity availability is the state's best method for maintaining price and, hence, minimizing setting the stage for the problems of licensed Producer diversion and/or black market growers. Yet, the draft regulations seem to offer little insight on the mechanisms that the state will use to control market supply.

3B. Being completely ignored is the opportunity for a robust new state economic development via the export of licensed marijuana products, once appropriate federal and other state laws enable it, outside of the state. This closes out the potential opportunity for billions of dollars in critical tax revenues and the growth of the state's economy in general.

Both of these issues can be readily addressed with the creation of a new marijuana license category: "Marijuana Broker." The initial role of the Broker will be to serve as a

"bank" for surplus processed marijuana products that are in excess of the state's quotas for retail sales. The Broker may also serve as a "sales and distributor" for purchases by licensed Retailers. Ultimately, and only as new laws in other jurisdictions permit, the Broker will also be the only entity that is authorized to conduct the export of marijuana products outside of the State of Washington.

Discussion

Challenge 3A: Controlling Market Prices

This single most-daunting challenge that the state faces is controlling retail market prices: If they are too high, it sets the stage for black market growers, as now. If they are too low, it sets the stage for diversion by growers (licensed and unlicensed) into higher-price markets, such as states where marijuana is still illegal.

To maintain the necessary control, retail prices, which are a reflection of supply chain prices, must be very close to a "sweet spot" that reduces the incentives for both "moonshining" and illegal export by licensed Producers. Only the realities will determine what this sweet spot should be and determining it will be a daunting task for the state. But, a retail price somewhere between \$200 and \$300 per ounce of smokeable product seems about right.

Given the realities of the production process, under the current draft regulations and the very long lag time between market inventory manipulation by the state and its real world impact on availability, this control will be a near-impossible task.

The critical element is the inherent long lag time (up to a year) that the current draft regulations set up between when such a quota adjustment is made and the results when the changes finally filter down to the market availability. One cannot simply put growing plants that take half a year or more to conclude on hold - they are not machines that can be stopped and then restarted later. Nor, is it reasonable to expect businesses to destroy their inventory, whether living or processed.

But, by the time that the impact is felt, the retail market scenario may have changed completely and the new quota will be completely inappropriate. For example, Oregon may have legalized recreational marijuana, so the demand in southern Washington may drop precipitously and the new surplus will migrate northern retailers, who presumably already have regular local sources. Or, as is already occurring in Colorado, marijuana tourism may take off in Washington, bringing in unanticipated buyers from all over the United States and the market quota may be far smaller than it should be to maintain price stability at the sweet spot.

So, anticipating market demand a year in advance in a totally unprecedented situation that will be highly-fluid will, again, be a daunting task. The single best tool that the state will possess to maintain retail price structures is to dramatically shorten the lag time between cause and effect. Ideally, this lag time should be a few days to a week, not many, many months or even a year. This is possible, however, if not enabled within the draft regulations.

Discussion

The price of anything is the direct result of the interaction of Supply and Demand. Normally, the consumer supplies the Demand and the manufacturers compete with each other to create as much Supply as possible, with a combination of price and quality as inducements to purchase.

The result of this type of Supply competition is the "free market" and that model has historically been to the great benefit of the consumer in countless ways. Yet, with legalized marijuana in Washington, this will not be a free market: There are additional factors that trump what's best for the consumer.

Quality will not be an issue. So, that leaves retail price control to regulate the market and this must be accomplished within a Demand scenario which is nearly impossible to project with any accuracy: There are simply too many variables and no precedent upon which to draw. Perhaps this will be possible in ten years, but not now.

Citizen consumption patterns (which generate Demand) will undoubtedly change with legalization and over an extended time, but the amount of change and in which patterns cannot be determined with even an educated guess. There is also the factor of "marijuana tourism" that, based on the Colorado experience, will be large in terms of increasing total market demand. In the likely future circumstances, one simply cannot control, nor even reasonably predict, the market demand.

In a consumer economic system, the only way to control the market price is to control the supply. Presumably, this will be attempted primarily through imposing Producer quotas for the planting of new crops. It would be manifestly unfair, however, with a great deal of anticipated pushback, to require Producers to destroy crops after they have been planted. This is so obvious that it will not be discussed in detail.

But, even if destroying crops in mid-cycle were attempted to control market supply and raise prices back to the sweet spot, production quota-based control would still fail to have a rapid significant impact on market supply and, hence, prices. Or, the quota may be too low to match the future demand and it will take six months to a year before production catches back up, by which time the market will likely have changed, yet again.

The simple reason for this manipulated market challenge is the long lag time between the state's order for an increase or decrease in market supply through production control and the actual results to appear and the market prices naturally adjust. The time lag between the decision (or mandate) to plant (or not plant) a crop until it hits the retail stores will be anywhere from six months to one year, or even more.

However, the black market "players" (licensed or not) will surely respond to market conditions and opportunities in only a small fraction of this time. So, the goal of (usually) maintaining retail prices in the "sweet spot" through production control will generally fail.

The Solution

The simplest solution is to maintain a "bank" of surplus marijuana products that are held out of the state retail market, if necessary, but that could also be released upon short notice. This "bank" would change the dynamic of state control from a lag time of up to a year to essentially daily adjustments, or whatever time period the state deems desirable. The level of timely supply control would change from cumbersome and "not very good" to simple and "near-perfect." Control of supply within a free society just won't get any better

than this "strategic stockpile" scenario that will automatically come about with licensed marijuana brokers.

This change also enables Producers and Processors to conduct their operations in the most efficient and cost-effective manners that such operations require. Any surplus production, after processing, could simply be banked for sale at a future date. If the strategic stockpile grows too large at the broker level, the state can then safely lower Producer quotas or vice versa.

Challenge 3B: Leaving the Door Open for Future Marijuana Export Opportunities

After the transportation category, the single largest economic engine in the State of Washington is agriculture, much of which is exported. According to the Washington State Department of Agriculture, agriculture is a "cornerstone of Washington's economy."

The draft marijuana rules, as written, completely leave closed the door to the potential to significantly boost the state's economy and tax revenues by multiples through including marijuana in agricultural export, when and if new markets legalize it and federal law permits transport across state lines. Since such major revisions to enable future export would require legislative time-consuming and cumbersome approval, as well as political infighting, the time to unlock the future export door is now.

This export opportunity should at least be anticipated for the inevitable future, with Washington regulatory agencies giving final approval on new market opportunities as they become available through regulatory changes in other states, and at the federal level.

These agricultural export economic numbers are not small: In 2011, the state's \$46 billion food and agriculture industry employed approximately 160,000 people and contributed 13% percent to the state's economy. More than \$15 billion in food and agricultural products were exported through Washington ports in 2011, the third largest export volume total in the U.S.

According to a recent article in Time magazine, the annual local sales of legal marijuana in Washington will approach 187,000 pounds of processed crop weight and \$1 billion at retail, from which the state will capture significant tax revenues. This accounts only for consumption by the local populace and seems low when factoring in tourism and possibly changing consumption rates.

But, even without tourism or export to the other 50 states, this will still put marijuana at #4 in top value agricultural products, just behind Apples (\$1.83 billion), Milk (\$1.28 billion) and Wheat (\$1.14 (billion) and significantly ahead of Potatoes, Hay, Cattle/Calves, Cherries, Nursery/Greenhouses, Grapes and Pears.

It should be noted that significant parts of these top commodity volumes come from export income, with Washington being the #3 exporter of agricultural products in the entire US, and #1 in a number of categories. Agriculture income is a very big deal in our state and it already generates significant tax revenues. With export and the high rates of taxation on marijuana, state tax revenues would jump significantly, probably by multiples of the current projections.

It should also be noted that export income (money coming into the local economy from outside economies) are "premium" dollars. While in-state sales activities merely recirculate

local dollars, export dollars directly expand the local economy, creating more opportunities for all and increasing the tax basis far beyond what is available in just the local region.

The generally accepted economic rule is that each export job created locally goes onto create three additional new jobs in the local economy. This is the same reason why tourism is so important to local economies and why the states compete so hard with each other for tourism: Basically, an "outside" dollar coming into the economy is worth three "local" dollars.

Assuming a \$1 billion in-state market, which may be a low estimate, if the Washington industry were allowed to export to just 15 of the 50 states with comparable market sizes, marijuana alone could be worth more to the state economy than all other agricultural exports, combined. This would certainly give a whole new meaning to our state motto, "The Evergreen State."

A natural role for a licensed Marijuana Broker is also to sell and export outside of Washington, once that is allowed at the states level but, mostly by changes in federal transportation laws.

One example of an emerging market which would be ripe for the import of Washington marijuana is Connecticut, which recently legalized medical marijuana, but made no provisions for its production within the state. If the dispensaries could simply order product from a licensed Washington broker and receive a Priority Mail package a few days later, the state still collects taxes, but the money comes from outside the local economy.

The known availability of import sources may also tend to sway other government authorities to allow for importation, rather than go through the same troubles of local licensed production etc. that Washington is experiencing. So, the market opportunities for export from Washington may very well grow quickly.

Recommended Solution #3:

Establish a "Marijuana Broker" license.

The basic role of the Broker would be to provide sales and secure storage services for licensed Processors, initially for sales only within the state. and the Broker would be in a good position to quickly respond to changing state quotas, upon demand. As outside laws change in the future, the broker's state-authorized selling territory would expand as appropriate.

Some of the recommended and/or related details for this license category, and why, include:

1. Initially, the role of the Broker would be to serve as a secure repository, i.e. a "bank," for "surplus" smokeable marijuana inventory beyond the state's current quota, as determined by the state authority. The necessity for the state is to maintain retail level supplies within the "sweet spot" target range and in a timely fashion, to be decided by the state. Monthly quota-based market adjustments might be a good initial goal, issued shortly after the monthly tax reports.

Again, instead of attempting to control market quantities by setting Producer quotas on how much crop can be grown, (which has a built-in lag time of up to a year), with privately operated stockpile repositories functioning as reservoirs, the state can adjust market quantity availability as often as necessary, and completely eliminate the lag time, while seeing near real-time feedback in consumer demand and retail prices, as reported by the retailers in their monthly tax reports.

2. Since sales volumes can reasonably be expected to vary from region to region within the state, possibly markedly, the state quotas which the Broker stockpile cushions should be broken down by individual retailers, rather than as a blanket statewide quota. Retail sales will already be tracked within the state's reporting system, but there should also be provision for individual retailers to request sales quota increases.

3. Since licensed marijuana Brokerage is an "agricultural services" activity, rather than an active link in the Producer/Processor/Retailer chain, there should not be a special excise tax levied on the broker for the products that are received from Processors, stored and then released to retailers or other permitted markets. The broker will still be paying the normal B&O taxes etc. to the state.

4. Most likely, the broker will not be paying the Processor for the product until it has been sold, by the Broker or others, to a licensed buyer, but will instead charge a fractional brokerage and storage fee to them and pay them when the customer pays.

Once the Processed product is released to Retailers and real funds change hands, the normal 25% excise tax that is owed by the Processor would be triggered. Since the Broker would likely be handling the funds transactions, at the state's discretion, the broker could be responsible to pay the Processor's excise tax on the Processor's behalf, then remitting the net (less the service fee) back to the broker. This would be less complicated and more secure than passing the net pre-tax funds back to the Processor, who would then be responsible to pay the state in the ordinary fashion. So, whether the Retail-bound Processed products are sold directly by the Processor or by the Broker, all products and taxes due would be completely accounted for.

5. Also, as an agricultural services role, the Broker's license should be permitted to be held at the normal costs either as a standalone license or in combination with any other marijuana license, except for licensed Producers, whether single or dual licensees, who will still be enjoying the highest profit margins of any segment of this new industry.

6. Security should be appropriate to the monetary value of the Processed product stockpile being held by the Broker.

7. As the laws in other jurisdictions evolve, the WSLCB or another agency, should be the primary party to "certify" the permissibility to export Processed Washington marijuana, and also Propagated plant starts, to properly licensed buyers in other areas outside of the state. This determination and approval by the state should take place in a timely fashion of 30 days or less, and all permitted export markets, together with their individual purchasing procedures, should be maintained on a master list that is available to licensed Washington state vendors. For timeliness and to conserve state resources, the state should encourage outside parties to report new legalized export opportunities.

8. Since export does not include retail sales within Washington state, there would be no Retailer excise tax collected for exported products. The state would still be collecting

excise taxes, as now, for sales by Producers and Processors. Export taxes are a "bonus" above and beyond the normal excise taxes collected on in-state sales, while still maintaining tight control over state retail supplies.

9. Brokers should have the ability to freely contract for the production of marijuana in excess of state-mandated quotas. Likewise, all other licensees would be able to grow (in the case of Producers) or contract for growing (in the case of other license categories) in excess of state quotas. But, these "surplus" orders would be reported to the state at their inception and the resulting products would be earmarked for "export-only" when they are finally ready to be sold. If there is no export market established yet and no in-state quota, the finished products would be required to remain within the Broker's inventory.

10. A Producer would also have the ability to utilize and/or transfer their production quota allotment (if such exists) out of the Broker's stockpile, in lieu of fulfilling the quota by growing a new crop. "In-state" consumption surplus stockpiles would have the first priority, followed by "export only" stockpiles if they are to be utilized to fulfill state quotas. Such an allotment utilization or quota transfer would still count as "active" operations and not trigger the 30 day activity limit before state notification. Through normal market forces, this feature will tend to avoid the buildup of over-large broker stockpiles.

11. The state would also have the ability to decertify the export-only status of surplus in the stockpile, or even prohibit its export, in order to compensate for a possible state supply shortfall.

Challenge #4

This is a relatively smaller challenge in comparison to the foregoing, but it is still important for a number of good reasons. And, it's easily resolved.

Discussion

The problem is, again in part, sourced in a lack of practical experience and understanding on the part of the WSLCB in the commercial agriculture business. This is why distributing draft regulations and seeking public comments was such an enlightened approach to blazing this new trail.

The problem lies within WAC 314-55-075 (1) "Marijuana production must take place within a fully enclosed secure indoor facility or greenhouse with rigid walls, a roof, and doors"

This requirement for solid walls on greenhouses will both restrict operating efficiencies and impose severe additional costs to the Producers who choose greenhouse production, rather than indoors under lights. Since this requirement for "rigid" walls on greenhouses will do little, if anything, to promote facilities security, it is completely un-necessary.

Why Grow in Greenhouses?

In simplest terms, crop production per square foot in a sophisticated greenhouse microclimate is about 4 times as great as indoors under lights, for about 1/4 the construction cost and 1/4 the power consumption (or less).

However, the solar energy that drives the plant growth will be greatly restricted if "rigid" walls are required to be of wood construction. For much of the year, about half of the direct sunlight would be completely blocked for up to 50% of the growing space.

There are two options for clear sides: Fiberglass panels and glass. But, plastic panels are easy to break and glass breakage requires nothing more than a sharp blow. At that point, the facility's security is breached. There's also an energy efficiency handicap with these material options, which will matter a lot in fuel use in the Pacific Northwest winters.

Marijuana grows best at about 80 degrees temperature, even if it is 15 degrees outside.

The normal covering for the roof and walls of a commercial greenhouse is a double layer of clear plastic film, which is treated in order to last for about 4 years. The sealed space between the two layers is inflated like a balloon with a small blower, creating a trapped air insulation space. This insulation saves about 15% on heat loss and this savings can translate into hundreds of dollars per month in cool season propane heating costs for each large structure.

This inflated dual-layer film system also extends the life of the expensive plastic by a additional seasons by reducing wind flexing. So, in total, this dual-layer system saves a lot of money that, in a larger complex, could easily fund additional jobs and/or higher wages for existing jobs. It's a big deal that the draft regulations, as written, will unnecessarily restrict.

Another major reason to grow in greenhouses, at least in designated farmland zoning, is the ability to obtain Certified Organic status for the crops that are grown in greenhouses in direct contact with the ground, probably in raised beds of compost.

Another major public safety issue, besides transportation security, is the crop growing conditions and what/how pesticides etc. will be used. Obviously, product safety is a high priority. Under the Certified Organic designation, the farm and operation are restricted to growing methods that the USDA considers to be safe for public consumption.

The state Department of Agriculture already administrates the Certified Organic farm program and keeps close tabs on the farms, for which the farmer pays a \$400 per year fee. So, a Certified Organic licensed marijuana Producer will most-probably be in full compliance with WSLCB requirements already and supervised by a different agency with far more experience than WSLCB. So WSLCB inspection and enforcement resources can be instead targeted more efficiently by mostly focusing upon non-Organic Producers, at a significant cost savings to the taxpayers.

Worthy of note is that growing operations indoors or on non-farmland sites, while considered to be commercial agriculture, are not eligible to receive Organic certification. There are more aspects to certification than just the pesticides that are used. They also include such elements as harmonizing with the surrounding ecosystem etc., which doesn't happen inside a warehouse full of lights.

Also worthy of note is that, for much of the marijuana-smoking public, the words "Certified Organic" on the label, which is already addressed, is a major selling point. Some people also believe that soil-grown marijuana tastes better with a more complex flavor profile.

While not directly related to the state's legalization process, farmland preservation is another major public policy goal. This goal could be forwarded by designating at least a

portion of the Producer's licenses, if there is to be a limited number, to greenhouse production on zoned farmland, typically designated as A-10.

Recommended Solution #4

With all of this foundation laid, the following regulation modification (underlined) is recommended:

WAC 314-55-075 (1) should read "Marijuana production must take place within a fully enclosed secure indoor facility or greenhouse with rigid walls, a roof, and doors. The requirement for rigid walls in greenhouses within designated farmland zoning is waived, provided that a secure perimeter fence of adequate strength is enclosing the greenhouse compound."

Challenge #5

For the record, I must question the practical rationale for requiring a 72 hour quarantine period prior to transport between license categories at any level. Besides the additional trouble and expense that is imposed upon the transferee, there are practical public safety and further-stage issues that will arise.

The automatic "72 hour hold" on shipments seems both cumbersome and senseless, especially in light of the fact that there will be a video record of all parts of the operation, anyway.

This problem originates in WAC 314-55-083 3 (e): "All marijuana or marijuana-infused products that are intended to be removed or transported from marijuana producer to marijuana processor and or marijuana processor to marijuana retailer shall be staged in an area known as the "Quarantine" location for a minimum of seventy-two hours. Transport manifest with product information and weights must be affixed to the product. At no time during the quarantine period can the product be handled or moved under any circumstances and is subject to auditing by the liquor control board or designees."

One public safety issue arises from the fact that mold is a major risk in mature marijuana, and especially after it has been harvested and stacked, prior to trimming and drying. If a pile of harvested plants is forced to sit for three days, the molding process is virtually guaranteed to begin.

Also unaddressed is the situation of a dual-license Producer/Processor facility, where both operations are conducted in close proximity to each other within the same secure perimeter. Does the state expect the dual licensee to be forced to let its harvested crop start molding for three days before moving it into the Processing division a few steps away?

An electronic pre-reporting of such transfers, without video staging, seems reasonable. With digital tracking of plants with known average performance characteristics, the aggregate transfers that can be expected from the shipper can already be determined, so such micro-managed seems unnecessary and costly to the taxpayers.

If there are WSLCB issues in the recipient, that recipient can be red-flagged within the tracking system and the transfer immediately prohibited, before the transferee invests the

time, trouble, expense and multiple risks of staging the shipment for an audit which may or may not even take place.

If there are existing issues with the shippers, they presumably will already be in the correction process through a different section of the regulations that impose various penalties, including suspension. So, the shipment would already be prohibited, or at least suspending pending corrections resolution through the normal process. So, still no justification for an automatic 72 hour staged quarantine.

This delay of 72 hours, besides being generally unjustified, also imposes hardships in the Processor element: The process of manicuring unsaleable plant parts is basically trimming them off with scissors, and exacting and painstaking process that is most easily accomplished when the plants are fresh and crisp. But, after three days from harvest, the plants will have wilted and the manicuring will be far more difficult and time-consuming, which will impose a hardship on the manicuring employees, who will likely be paid for net manicuring production, not by the hour.

As another example, if a Retailer runs out of product to sell, because of an arbitrary hold on their shipment, they would have to shut down for three days for no good, apparently, reason. This will cost Retail employees their pay. And, the overhead will not go on hold, so the entire business will face greater challenges to sustainability. Unexpected closures will also simply drive away otherwise loyal customers, simply because the retailer ran out. Is there a good reason for this?

The hold on shipments also sets up another potential public safety issue in that it will tend to encourage larger orders and more valuable shipments. And, the retail inventory stockpile will be larger than in a "just in time" delivery scenario where only as much product is stockpiled for that day's sales. The bigger the target for thieves, the higher the odds are that it will be robbed. A much better scenario for Retailers would be a next-day delivery, every day of the week.

Finally, the goal of government should be to work in harmony with its law-abiding citizens to the greatest possible extent. The working atmosphere should be a working partnership that succeeds for all, not a conflict between enemies.

Especially with the likely mindsets of most licensees, unnecessary rules and regulatory burdens will only estrange the licensees. They have already experienced decades of what they strongly consider to be unreasonable oppression regarding marijuana and already view the government as insane adversaries with guns. So, the challenge will be on the state to reshape their attitudes toward a willing compliance.

Eliminating "Big Brother-like" arbitrary regulatory burdens that make little sense when imposed on all, whether law-abiding or not, will be a great starting point. Hiring enforcement officers with the right attitudes will also be critical. The state should also provide a mechanism for confidential feedback, away from the view of an enforcement officer, on the part of a licensee after every official visit, such as for auditing. The enforcement officers should be held to as high of conduct standards as the licensees and there should be mechanisms, such as post-visit confidential reporting, to ensure this.

Recommended Solution #5

1. At least for shipments under \$100,000 in value, remove the mandatory automatic 72 hour staged quarantine hold on shipments between any license levels. Require electronic reporting of orders and count on automatic red flagging within the reporting system to catch and respond to most problems on an immediate basis.
2. The state should retain the right to order a staged 72 hour hold for on-site auditing, but it should be for probable cause. Such cause might be for shipper or recipient profiles that seem to be departing from the normal legal operations, compared to the industry as a whole, even prior to any formal corrections actions. Or, probable cause could be for a number of other reasons, such as an excessively large or valuable shipment or aggregation of shipments within a certain time frame beyond the developing norms. This targeted enforcement will also make the most-efficient use of enforcement resources by concentrating them where the highest probability for problems seems to be developing. And, just the fact that the WSLCB can order such a hold will tend to dissuade potential problems in the first place.
3. Establish a regulatory mindset of respecting the licensees and not creating an adversarial atmosphere, at least until proven guilty. With great power comes great responsibility. Do not tie measured and recorded enforcement success to job performance ratings, which will only encourage hubris and excessive enforcement zeal on the part of semi-independent officers. This is recreational marijuana with already distrustful licensees, after all, not toxic polluters or violent offenders. Provide a mechanism for confidential (away from the enforcement officer) feedback on the part of licensees for each official action by the state, including on-site audits. If there are systemic problems on either side, their pattern will quickly appear and can be addressed. But, occasional small lapses on the part of the WSLCB enforcement in the case of ambiguous circumstances will not cause any great lasting harm.
4. Consider establishing a position of WSLCB Ombudsman to mediate between agency and licensees when necessary, as we all navigate these uncharted waters. The savings from a triage-like security system will more than pay for the position.

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 11:03 AM
To: 'Richard Fitzpatrick'
Subject: RE: Initial Draft Rules

Richard,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Richard Fitzpatrick [<mailto:richard@cannabisstandardsinstitute.com>]
Sent: Sunday, June 09, 2013 5:56 AM
To: rules
Subject: Initial Draft Rules

Rules Coordinator, Board Staff & WSLCB,

I am Richard Fitzpatrick and I am the President of the Cannabis Standards Institute (CSI). We believe it should be self-evident that where cannabis is legal and regulated; consumers deserve access to pharmaceutical grade products that are labeled with accurate, useful and independently-verified information.

We compliment the WSLCB on the thoughtful and open process being used to develop the proposed regulations and offer the attached comments with the intent of helping the State of Washington responsibly implement last year's Initiative 502.

Richard Fitzpatrick
richard@cannabisstandardsinstitute.com

Cannabis Standards Institute

offers

Suggested Changes, Alternatives and Adjustments to: *“Initial Draft Rules for I-502 Implementation”*

7 June, 2013

I am Richard Fitzpatrick and I am the President of the Cannabis Standards Institute (CSI). We believe it should be self-evident that where cannabis is legal and regulated; consumers deserve access to pharmaceutical grade products that are labeled with accurate, useful and independently-verified information. We compliment the WSLCB on the thoughtful and open process being used to develop the proposed regulations and offer these comments with the intent of helping the State of Washington responsibly implement last year's Initiative 502.

DRAFT WAC 314-55

Marijuana Licenses, Application Process Requirements & Reporting

Page 01(9) “Lot” means:

- a. the flowers from one or more marijuana plants of the same genetic strain.
Homogeneity of a “lot” is made clear by inserting “**a single harvest of**” in front of “**the flowers**”
- b. a single lot of flowers cannot weigh more than two pounds;

There are common estimates used in hydro-growing and processing:

- The 4' x 4' and 4' x 8' hydroponic growing tables are the standard sizes that are planned for use by medium and larger growers.
- Estimations of yield vary from two to two-and-a-half pounds of plant material per 4' x 8' table per harvest.
- One standard often cited is that it takes 50 sq. ft. of hydro (illuminated by 5000 watts of HID) to produce 2 1/2 pounds of flowers.
- A reliable general premise would be to say a 4' x 8' table produces 2 1/4 pounds of flowers (and 1/2 pound of useable trim).

While any standard is arbitrary, two pounds is an awkward size. Instead, we would propose setting the maximum weight of a lot as “**one kilogram.**” (2.2 pounds)

In addition, the use of grams is common in cannabis commerce. The kilogram is the lot size recommended for testing by *Kleiman et al* in *“Marijuana Legalization”* (page 159).

Page 03 (7) All applicants for a marijuana license must have been residents in the state of Washington for at least 3 months prior to application and corporations must be formed in Washington.

The requirements that the owners be people who have been Washington State residents for the past three months and that only corporations formed in Washington can apply for a license are bad public policy; will seriously limit the quality of scientific support for the state's program; and are blatantly unconstitutional.

Furthermore, this differs totally from the regulation of liquor establishments. There is no residency requirement for those seeking to open a winery, brewery or distillery.

Page 14 (3) (e) Security Requirements. "All marijuana or marijuana-infused products that are intended to be removed or transported from marijuana producer to marijuana processor and or marijuana processor to marijuana retailer shall be staged in an area known as the "Quarantine" location for a minimum of seventy-two hours.

It's good that the rules acknowledge the necessity for safety quarantine before products are released to the public. However, this language does not make it clear how it is to be used. We would highly recommend language similar to what the Connecticut *Department of Consumer Protection* put into their state's regulations for cannabis sales:

"From the time that a batch of marijuana has been homogenized for sample testing and eventual packaging and sale to a dispensary facility, until the laboratory provides the results from its tests and analysis, the entire batch of marijuana, except the samples that have been removed by the laboratory for testing, shall be segregated and withheld from use. During this period of segregation, the marijuana batch shall be maintained in a secure, cool and dry location so as to prevent the marijuana from becoming contaminated or losing its efficacy. Under no circumstances shall marijuana be included in a marijuana product or sold to a dispensary facility prior to the time that the laboratory has completed its testing and analysis and provided those results, in writing, to the producer or other designated production facility personnel."

Page 15 (5) (a) Transportation requirements for a marijuana licensee. "Only the marijuana licensee or an employee of the licensee may transport a product."

To serve those who live in more distant areas of the state, there should be the potential of using non-employees to transport. This should include the option of using a bonded intra-state courier service for shipments of samples to a lab.

Adding to "an employee of the licensee" the phrase **"or designated agent of the licensee."**

- How does an entity become an accredited third-party testing lab?
- How, when and where will that accreditation process be set up?
- How is Quality Assurance Testing to be done in the mean time?

- (3) "Upon the request of a retail customer, a retailer must disclose the name of the accredited third party testing lab and results of the required quality assurance test."
- (4) "The accredited third party testing lab and required results of the quality assurance test must be included with each lot and disclosed to the customer buying the lot."

What? One consumer isn't going to buy a lot. This needs to be rephrased. A more consumer-center approach would be language such as:

All usable marijuana and marijuana products must have a label with:

1. The name, license number and place of business of the producer where the marijuana was grown;
2. If the marijuana or marijuana product was created by a marijuana processor, that processor's name, license number and place of business;
3. A unique serial number and/or bar code and/or qr code that will match the product with the producer's batch and, if applicable, the processor's batch, so as to facilitate warnings or recalls;
4. The date of final packaging of the marijuana or marijuana product;
5. The net quantity of marijuana contained;
6. **A Safety Certification from an accredited third party testing lab which reports:**
 - A) **All active ingredients that constitute at least one (1) wt. % of the marijuana in the product, to always include:**
 - (1) **DELTA 9-TETRAHYDROCANNABINOL (THC);**
 - (2) **CANNABIDIOL (CBD);**
 - B) **A pass/fail rating based on a microbiological analysis that was completed immediately prior to final packaging;**
 - C) **A pass/fail rating based on a chemical residue analysis that was completed immediately prior to final packaging; and**
 - D) **Name, license number and place of business of accredited third party testing lab and date final analysis was completed.**

We believe the following language would be a more effective and easier way to achieve that purpose: **"Labels should provide all such other information necessary to comply with state or local labeling requirements for similar products not containing marijuana, including but not limited to the Washington State Department of Agriculture Food Processing Requirements (RCW 69.07)."**

However, there are no labeling, packaging, or testing rules stated for a producer - even though this fine is ten-times the amount charged for a violation of retail packaging and labeling regulations.

In addition, failure to complete required testing is not shown anywhere as a "Violation Type." What is the penalty for not completing the required testing?

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 10:56 AM
To: 'Finn Duhuman'
Subject: RE: Comments on Draft Rules

Finn,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Finn Duhuman [<mailto:finnduhuman@hotmail.com>]
Sent: Saturday, June 08, 2013 12:59 AM
To: rules
Subject: Comments on Draft Rules

New Section. WAC 314-55-010 Definitions

(13) "Public transit center" - Does this include light rail stations, trolleys, or other forms of public rail, such as Amtrak or Sounder trains?

New Section. WAC 314-55-020 Marijuana license qualifications and application process.

(7) Per RCW 69.50.331 (1)(b) - There should be that only US citizens or US legal residents are allowed to own licenses or to invest in businesses. No foreign ownership, due difficulty of tracing funds, great chance of diversion, difficulty of criminal and background checks, and lack of accountability.

If foreign (non-US citizenship) ownership or investment is allowed, then the person must obtain a criminal and financial background check from an official governing body, sent directly to the LCB. Also, the person must notify their country of citizenship that they will be engaging or investing in cannabis in the US and LCB must receive acknowledgement from the person's government.

(11) Applicants applying for a marijuana license must be current in any tax obligations to the Washington State Department of Revenue,

- County and Local revenue jurisdictions should be notified that the applicants could have tax obligations, such as city B&O taxes and square foot taxes, owned. All tax obligations must be current in all jurisdictions before a license is awarded.

New Section. WAC 314-55-035 What persons or entities have to qualify for a marijuana license?

Spouses. What if the spouse has no connection to the business and do not want to be known?

Safety concerns. Can an signed affidavit stating that the spouse has no connection to the business allowed?

New Section. WAC 314-55-040 What criminal history might prevent a marijuana license applicant from receiving or keeping a marijuana license?

Organized crime or gang affiliated convictions should be barred from obtaining a license or investing.

All Licenses should be based on population of each county, not just retail shops, and amount allowed to be grown, to avoid diversion.

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 10:55 AM
To: 'McGroder, Nancy'
Subject: RE: Marijuana Rulemaking

Nancy,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: McGroder, Nancy [<mailto:Nancy.McGroder@kingcounty.gov>]
Sent: Friday, June 07, 2013 4:32 PM
To: rules
Subject: Marijuana Rulemaking

Thank you for the opportunity to provide comments on the preliminary draft rules for producer, processor and retailer licensing under Initiative 502. Please see attached.

CNK-PH-1300
401 Fifth Avenue, Ste. 1300
Seattle, WA 98104-1823



King County

June 7, 2013

Rules Coordinator
Liquor Control Board
P.O. Box 43080
Olympia, WA 98504-3080

RE: Marijuana Producer, Processor and Retailer Rules – Initiative 502

Dear Rules Coordinator:

Thank you for the opportunity to provide comments on the preliminary draft rules for producer, processor and retailer licensing under Initiative 502. King County's goals in commenting on the proposed regulatory framework are to ensure that the new legalized recreational market is tightly regulated and controlled through strong, clear rules without creating unnecessary barriers to business entry. We also support an administrative structure that clearly delineates Washington State Liquor Control Board responsibilities from local government responsibilities. More specifically, we also support ensuring that benefits and impacts from the legalization of this product address issues of equity, e.g., not disproportionately impacting particular geographic or ethnic or other communities or groups, and eliminating the black market in marijuana, in order to reduce disproportionate enforcement in our communities.

Our comments are organized into the following categories: 1) Positive aspects of the draft rules, 2) Environmental and land use concerns, 3) Siting and neighborhood impacts, 4) Preventing youth access, 5) Ensuring product and public safety and protecting public health and safety, 6) Clarifying applicant responsibilities, and 7) Other concerns, including clarifying license application timelines and local government responsibilities.

Positive Aspects of the Rules

We commend the Washington State Liquor Control Board for its thorough effort to address all key requirements of I-502 and a clear and effective regulatory framework. Overall, there are many elements of the draft rules that we support and believe will be an effective regulatory framework for this newly legal product. These include:

- New Section. WAC 314-55-105 Packaging and labeling requirements – Requiring products to be sold behind the counter is an excellent provision that will reduce the risk of theft and the availability to children and youth.
- New Section. WAC 314-55-015 General information about marijuana licenses – Requiring employees to be 21 years or older further advances the youth prevention aspects of the law.
- New Section. WAC 314-55-083 What are the security requirements for a marijuana licensee? The security requirements (Display of ID badge, alarm and surveillance systems) are excellent – both in protecting public safety and in preventing youth access.
- New Section. WAC 314-55-155 Advertising - These provisions are excellent in helping to prevent youth access.
- New Section. WAC 314-55-105 Packaging and labeling requirements - We concur with this section's language requiring marijuana sold at retail to include warning materials. We note that subsection (8)(h) reasonably requires retailers to furnish a warning disclosing information about extraction methods and any chemicals used in the process.

Environmental and Land Use Concerns

King County is concerned about the potential environmental impacts of production and processing of marijuana for sale, particularly the potential for large energy consumption in indoor grow operations. We are also concerned about marijuana waste byproduct from all types of marijuana operations.

- **Permit Outdoor Grow Operations and Implement Preferential Licensing.** With proper security measures, outdoor growing operations are preferable because they would use much less energy. Outdoor grow operations will also have a lower barrier for entry into the marketplace. We recommend that the Board allow outdoor growing as an option.
- **Incentivize Environmentally Sustainable Grow Operations.** For any growing operations, we recommend that the Board implement an incentive system to encourage licensed growers to follow best practices for environmental protection and energy conservation. The incentive system would favor license applicants that demonstrate in their business operation plan that they will minimize energy use, use rain or reclaimed water, compost plant waste, and minimize agricultural chemical uses.
- **Non-useable portions of the marijuana plant should be considered agricultural byproduct in producer operations.** For producer operations, clarifying in New Section, WAC 314-55-097 that the non-useable part of the marijuana plant can be an agricultural byproduct and can be mulched or treated as a beneficial use on-site is consistent with how other agricultural operations treat agricultural byproducts and is consistent with sustainable farming practices. Use or disposal of agricultural byproducts that are not part of the useable marijuana plant would need to be consistent with other state and local laws as noted. The current language in New Section, WAC 314-55-097 is unclear with respect

to large-scale composting on-site and also would not allow for use in biofuel production. The rules should be revised to clearly allow both of these practices.

- **Require producers, processors and retailers to adequately characterize waste generated according to Washington State's Dangerous Waste Regulations, Chapter 173-303 WAC.** New Section, WAC 314-55-097 appropriately requires compliance with applicable storage and disposal requirements under state and local regulations. We concur with this language. However, we request clarification by specifying that adequate characterization of waste must take place. If any of the marijuana waste material designates as something other than dangerous waste, then the solid waste handling standards of Chapter 173-350 WAC would govern disposal of the non-dangerous waste. In addition, for liquid waste, the King County industrial Waste Program and other local sewer districts administer regulations that are designed to prevent businesses from discharging substances that can degrade the wastewater treatment process, harm workers or facilities, or impact water quality.
- **Include retail in requirements for waste disposal.** New Section, WAC 314-55-097 addresses waste disposal by producers and processors. Retailers may also have useable product to dispose that is expired or unsold. Retailers should be clearly included in waste disposal requirements to ensure that waste is adequately characterized, disposal is in compliance with state and local regulations, and rendered un-useable through similar disposal processes.

Siting and Neighborhood Impacts

As noted in our April 4, 2013 comment letter on the preliminary draft producer rules (CR 101), King County is concerned about a number of definitions in the initiative and the rules. The proposed definitions in New Section, WAC 314-55-010 regarding youth-serving organizations do not provide sufficient clarity to applicants, the public or local governments. They may also unnecessarily restrict siting.

King County is concerned that by defining these terms too broadly, the Board will force nearly all of the licensed activity into rural and urban unincorporated areas that do not have the infrastructure to support the potential level of activity that might be expected.

This could lead to impacts to the county transportation system. In addition, in King and most other counties, rural areas are provided rural-level policing. If there are potential public safety concerns, rural areas may be the least able to address 'clustering' of marijuana-related businesses that could result from overly broad definitions.

The term "property line" could refer to the boundaries of a property created through some legal mechanism, such as a subdivision or binding site plan, or just an area on a property that does not have particular legal significance, e.g. the area that encloses a building. If the intent is that the

term refers to an entire property, a term of art, such as “parcel” or “legal lot”¹ should be used. If the intent is to refer to an area less than the entire property, the definition should avoid using the term “property line.” King County sees several problems with using the parcel boundary as the definition of “perimeter.” In counties, parcel sizes may range up to 80 or 160 acres. If the parcel boundary defines the perimeter for purposes of calculating distances, significant areas of the county could be made unavailable for licensed activities. This may be less of an issue in urban areas, where property sizes are generally smaller. There may be some benefit in considering whether different rules should apply to the different types of licensed activities. The need to restrict youth access to marijuana is more imperative in retail operations than in the production and processing end of the business.

In addition, we propose the following language changes for the specific definition sections related to youth to accomplish more effectively the objective of preventing youth access while avoiding clustering, particularly of retail facilities:

WAC	Current language	Proposed change	Rationale/explanation
NEW Section. WAC 314-55-101 Definitions	(3) “Child Care Center” means a licensed educational environment with curriculum usually associated with preschools.	(3) “Child care center” means <u>the same as a “child day care center” or a facility providing regularly scheduled care for a group of children one month of age through twelve years of age for periods less than twenty-four hours.</u> (WAC 170-295-0010)	Public Health advocates are primarily concerned with preventing youth access for kids of school age. The new definition changes the scope of facilities to include both children 0-5 and school-aged kids by adopting the current WAC definition of child care.
NEW Section. WAC 314-55-101 Definitions	(6) “Game Arcade” means an entertainment venue featuring primarily video games, simulators, and/or other amusement devices.	(6) “Game Arcade” means an entertainment venue featuring primarily video games, simulators, and/or other amusement devices. <u>This does not include facilities where the admission to which is restricted to persons aged twenty-one years or older.</u>	By re-iterating the language in I-502, the exemption about places that allow only patrons over age of 21 is clearer.

¹ The rules define the term “lot” in a way that could result in confusion if “legal lot” were used.

WAC	Current language	Proposed change	Rationale/explanation
NEW Section. WAC 314-55-101 Definitions	(7) "Library" means an organized collection of resources made accessible to the public for reference or borrowing.	(7) "Library" means a <u>free public library supported in whole or in part with money derived from taxation.</u>	The proposed change is to mirror language already used elsewhere in state statute (RCW 27.12.010). Also, this narrows the scope of the definition to facilities that are commonly thought of as libraries (i.e. public library) but doesn't apply to facilities such as church libraries or other private libraries.
NEW Section. WAC 314-55-101 Definitions	(14) "Recreation center or facility" means a supervised center that provides a broad range of activities and events.	(14) "Recreation center or facility" means a supervised center that provides a broad range of activities and events <u>targeted at youth.</u>	By adding the language about targeting youth, the definition is narrowed to focus on youth. Some recreation centers are used exclusively by adults and seniors and a narrower definition is in line with the intention of the initiative's intent in preventing youth access. This definition also ensures that older youth (12-18) would be addressed through the definitions, if the new definition of child care is adopted.

Preventing Youth Access

Preventing youth from accessing marijuana products is a key part of Initiative 502. In addition to preventing youth access through the overall siting requirements, we believe that several areas of the rules could be strengthened to ensure early on that youth access is restricted through appropriate product restrictions, product composition restrictions, packaging and labeling requirements, educational materials, and assisting retailers to ensure that sales do not occur to minors. The Board has an opportunity to learn lessons from youth access to alcohol and tobacco, and to ensure that a fully functional youth access prevention system is in place at the outset, and basing the new system on best practices with these other products.

- **New Products Should Be Approved by the Board.** Under the Family Smoking Prevention and Tobacco Control Act, new tobacco products must be approved by the Food and Drug Administration. The Board could consider adopting similar regulations for marijuana products.
- **Prohibit combining alcohol, tobacco, controlled substances, or other intoxicating products with marijuana.** Additives intended to entice use by youth, or abuse by adults – such as tobacco or alcohol – should be prohibited. Tobacco is the drug most commonly used by children and adolescents in Washington State. Infusing marijuana into tobacco use could have the result of encouraging and enhancing the overuse of marijuana (due to tendency of cigarette smokers to smoke far more cigarettes per day than a marijuana user would smoke "joints", and create confusion in enforcement issues (because tobacco is legal for 18-21 year-olds, but recreational marijuana is not). Tobacco

also has known health hazards, much greater in quality and degree than any known for marijuana.

- **Delay packaging, accompanying and educational materials and labeling requirements to establish strong standards.** New Section WAC 314-55-105 is one of the most important provisions in the rules for protecting the public's health and preventing youth access. We encourage the Board to postpone rulemaking for this section to a later date in fall, 2013, so that there is adequate time to convene a group of experts to inform the rulemaking process. We understand the statutory requirement of the Board to move forward with rulemaking, but this particular aspect merits careful consideration and would not impede the process of starting to issue retail and processor licenses in 2014. If this is not possible, we would encourage the Board to consider another round of rulemaking to fully address these standards to ensure adequate protection of public health and safety.

If the Board decides to move forward with rulemaking at this time, we would offer the following comments.

- **Accompanying material described in New Section WAC 314-55-105 sections 7 and 8 should be more clearly defined.** The material should be:
 - Adequately sized (brochure or larger) and use simple language and large fonts that can be translated to languages other than English.

In addition, the accompanying materials should include:

- The phone number for the marijuana use public health hotline and/or the number for the recovery helpline program.
- What is legal/what is not (age, "in view of the public", etc.),
- DUI limits,
- Risks of use while pregnant or breast-feeding,
- THC to CBD content based on scientific evidence,
- Product effects and resultant behavior,
- Potential risks of using the products with other drugs or alcohol
- Suggest consultation with a physician if you take medications.

A state agency, such as the Washington State Department of Health, should produce the material so as to ensure a uniform appearance and a standard format. The materials should also include URLs for relevant state and other websites with educational materials for parents and educators to recognize the signs and behaviors of use. If anything other than plain packaging is allowed, common product packaging should be depicted on the website as educational examples. The website should also include similar information to the accompanying materials.

- **Educational material should be required to be posted at point of sale.** The Board should also consider adding a new rule requiring retail licensees to display educational materials that can be posted (different from the accompanying material) at the point of sale. These materials should be developed by the Board in consultation with health

experts and should include information on the health and safety risks posed by marijuana use among adolescents and adults as well as the phone number for the marijuana use public health hotline and/or the number for the recovery helpline program, and URLs for relevant state and other websites with educational materials for parents and educators. Appropriate information similar to the information in the accompanying materials should be included.

- **Packaging - Rotate & improved format for health and warning language.** Packages should include a rotating health warning rather than just the one health message proposed (“may be habit forming”). These rules should be developed through a later rulemaking process (see comment above) with a body of experts who will rely on evidence-based messages that are effective in preventing youth use and adult chronic use.

In addition, the health warnings on the packages should mirror the format used for health warnings on tobacco products. They should have uniform fonts and sizes and should be surrounded by a border so as to stand out on the packaging.

- *Include child warning label on infused products.* Currently, the rules do not require a child safety warning on the label of infused products (only in the accompanying materials). It is particularly important to include the child safety warning on infused products. The label should say: “Not Safe for Use by Children” or “Not Safe for Children - Keep Out of Reach of Children.” Also see comment on Product Safety – Infused Products.
 - *If marijuana infusion is permitted with potentially hazardous foods, include on label any proper handling/storage requirements.* Currently, the labeling requirements in the draft rules do not require information regarding proper handling/storage (temperature control) of potentially-hazardous foods infused with marijuana products. This should be standard for all labels. Also see comment on Product Safety – Infused Products.
- **Packaging - Plain packaging requirement.** Any useable marijuana or marijuana-infused product should be in a plain outer package. The Board should adopt rules that reasonably restrict the manner in which useable marijuana and marijuana-infused products are packaged to avoid appealing to youth. Such products have obvious appeal to children. Adjacent is a picture of some of the packaging currently available in medical marijuana dispensaries. The products clearly mimic popular candy brands. It should be noted that not all of these packages are infused packages, many are loose leaf but packaged to ‘imitate’ popular candy branding.

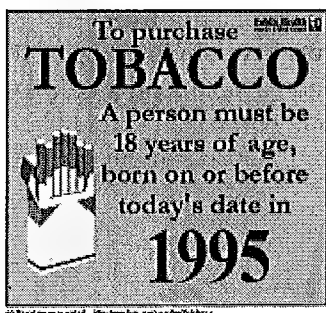


- **Packaging - Change pictorial logo to text-based logo.** The proposed logo depicting Washington State with a marijuana leaf is not ideal. This image promotes the idea that our state endorses marijuana use and legitimizes its use from a youth perspective. We would suggest that the board consider a text based logo instead.

Packaging - Childproof packaging requirement. While section WAC 314-55-105 requires storage of marijuana and marijuana products behind a counter or other barrier to prevent direct customer access, and requires accompanying written material to include a “keep out of reach of children” warning in connection with the age limit of 21, it says nothing about safety when consumed by children and childproof packaging. Marijuana-infused candy or candy-like items have an obvious appeal to children and youth. There is also a real concern that children may mistake these products for actual candy and there have been reports of unintentional ingestion. Plain packaging and child-proof packaging will help to prevent accidental ingestion.

We recommend a subsection be added to this section to require marijuana and marijuana products to be sold in childproof containers or packaging.

- **Requiring point of sale age limit stickers.** The Board should also consider requiring and producing stickers that remind retailers of the year that those who are able to purchase marijuana were born in or earlier like these stickers used for alcohol and tobacco.



We would encourage the Board to re-visit the issue of labeling and packaging in future years to ensure that products are not be labeled or packaged in a way that encourages youth use or chronic users.

Product and Public Safety

Product Safety – Infused Products. Because recreational marijuana of all types (smoked, infused products) is a new product, our approach to commenting on product safety is one of caution, relying on existing scientific evidence and literature about known health effects of marijuana, risks of use by youth, and general knowledge of health and safety risks of preparation of potentially hazardous food (while recognizing that local governments do not currently play a role under I-502 in regulation of food safety for marijuana infused products). To promote product safety, we propose that the Board:

- **Include “Not Safe for Children” on Infused Product Labels.** See our comment under Youth Access, Product Labeling.
- **Prohibit processor licensees from having more than one business at their address.** The Board should prohibit processor licensees from operating any other business at their business address (except for production if a producer/processor licensee). For example, a commercial catering kitchen should not also be where marijuana brownies are processed as there is a risk of cross-contamination.
- **Preparation of marijuana-infused products with potentially hazardous foods should be prohibited.** Due to the risk of preparation of marijuana-infused products with potentially hazardous foods (those needing temperature control), we propose prohibiting these types, in order to ensure food safety. If the Board chooses instead to allow preparation of marijuana infused products:
 - *Include temperature storage requirements on labels if infused potentially hazardous food is permitted.* If the board chooses to allow marijuana infusion with potentially-hazardous foods, labeling should include proper temperature storage requirements. Known potentially hazardous foods in the medical marijuana market include marijuana-infused lasagna, chicken chow-mein, etc.

Public Safety - Risks of Impairment; Risks of Drug Mixing; Fines for Sales to Youth.

We are concerned that mixture of marijuana with other drugs could lead to additional impairment risks or other side effects. Similarly, lack of knowledge about individual metabolic reactions to marijuana at this early stage of legalization will make it challenging for adults legally using the product to understand their own individual response, impairment limits and reactions to different types of products. We are also concerned that a strong signal is sent to retailers selling to youth by setting adequate penalties.

- **Prohibit sales to anyone under the influence of marijuana, alcohol or other drugs.** The Board should consider the feasibility of regulations that prohibit sales of marijuana to anyone under the influence of marijuana, alcohol or other drugs. The Board currently has provisions of this kind for alcohol and should look to those provisions in creating similar rules for marijuana. By prohibiting sales to anyone intoxicated, the Board will be

limiting the burden on law enforcement and decreasing the likelihood of public safety issues such as driving while impaired.

- **Ensure that labels, signage and accompanying materials suggest consultation with a physician if purchasers are also utilizing other medications.** See comment in Preventing Youth Access.
- **Clarify product THC concentrations and serving size limits to the extent possible.** The rules are currently unclear regarding serving size limits in some instances, relationship to impairment standards, and THC concentrations. See comments under the following section, Other Concerns, regarding these topics.
- **Add monetary fines for second violations of sales to minors.** The fines and consequences for Group 1 violations against public in New Section, WAC 314-55-520 are generally excellent. To decrease the likelihood of sales to youth, we propose strengthening the section by adding a monetary penalty for second violations for sales to a minor. This would send a strong signal to retailers about the seriousness of this violation.

Clarifying Applicant Responsibilities

- **Require applicants to prove that they meet 1,000 foot limit and local zoning requirements.** Under the draft proposed rules, applicants are not required to demonstrate to the Board that they have met the 1,000 foot buffer, nor that the proposed location is consistent with local zoning. To address these problems, the Board should use a process similar to the one it uses for liquor licensing. Under that process, the applicant would be responsible for providing information to the Board demonstrating that it complies with the Initiative's requirements to locate away from youth-serving facilities and also that the proposed location is consistent with local zoning. This approach will reduce the burden on the Board and on local governments and reduce the risk of administrative appeals that are likely if the Board approves licenses for locations that are not consistent with local zoning. The Board should amend New Section, WAC 314-55-020 to place the burden of proof for demonstrating compliance with these requirements on an applicant and to require the applicant to provide maps or other relevant documentation supporting its application. The rule should also clearly state that the Board has the responsibility for making the final determination of whether an applicant meets the 1000 foot rule.

WAC	Current language	Proposed change	Rationale/explanation
New Section. WAC 314-55-020. Marijuana license qualifications and application process.	As part of the application process, each applicant must submit in a format supplied by the Board an operating plan detailing the following as it pertains to the license type being sought. This operating plan must also include a floor plan or a site plan drawn to scale which illustrates the entire operation being proposed.	As part of the application process, each applicant must submit in a format supplied by the Board an operating plan detailing the following as it pertains to the license type being sought. This operating plan must also include a floor plan or a site plan drawn to scale which illustrates the entire operation being proposed; <u>a site map showing local zoning and any uses within 1000 feet of the perimeter that would preclude locating the facility at that site; and documentation demonstrating that the licensed activity is permitted under local zoning codes at that location.</u>	Including language in the rules that signifies the responsibility of the applicant to research and understand the applicable local zoning, regulatory and other requirements will limit applications from unqualified businesses, limit the burden on local governments to comment on these applications, and limit complaints and comments from the public.

Other Concerns

- **Clarify legality of hashish and hash oil.** Hashish and hash oil are marijuana products under I-502. For the Board to treat hashish and hash oil consistently with the intent and language of the Initiative, hashish and hash oil need to be included in the rules within the definitions of either “useable marijuana” or an “infused product.” Failure to do this, as proposed under 314-55-079(2), will leave a group of marijuana products out of the legal recreational market and licensing structure, thereby undermining the policy goals of the initiative, including a negative impact on revenue and maintaining hashish and hash oil within the black market.

Physically, there is nothing distinguishable between hashish and hash oil from other “infused products,” which by various production techniques, increase the concentration level of active THC. The more consistent interpretation and application of I-502 is to treat hashish and hash oil as “infused products” in their original, unadulterated form, and thereby subject to the “serving size” limits based on concentration of THC. The higher concentration of THC in these substances would thereby limit the amount of this product sold. Given that the statute itself (i.e. I-502) has precedence over any interpretation in

the LCB regulations, this is the stage where the regulations need to be consistent with the legislation.

- **Clarify Serving Size v. Transaction Limits for Infused Products.** New Section, WAC 314-55-095 is also somewhat unclear on the relationship between serving sizes of “infused products” (subsection 2) and the transaction limitation (subsection 3). Subsection 2 limits a single infused product to ten servings or one hundred milligrams THC (a serving size is defined in terms of concentration of THC for infused products). Subsection 3, however, appears to limit the single transaction of an infused product by total weight of the product (not by reference to number of servings or concentration). If the LCB intends that no transaction for infused products would exceed one hundred milligrams THC, then it needs to be clear that this is the intent, even if the product gross weight is less than the transaction limit in subsection 3. The only other interpretation of this could be that a single “packaged” infused product is limited to the 100 milligram limit, per subsection 2, but that a retail purchaser could purchase as many of these packages as total up to the overall gross weight set forth in the transaction limits of subsection 3. If this is the intent, then the rules should be clear so that retailers and the purchasers understand how sales will occur.
- **Clarify THC concentration and serving size limits for “useable marijuana.”** The rules address THC concentration and serving size limits for infused products, but not “useable marijuana.” Because serving sizes (infused products) are based on THC concentration in the product, the Board must set THC concentration limits. In order to then set serving size limits for “useable marijuana.”
- **Create a responsible vendor program.** The Board should create a mandatory responsible vendor program similar to the current alcohol Responsible Vendor Program. This type of program is a cost-effective way to encourage responsible practices by licensed marijuana retailers.
- **Tax by THC concentration rather than weight to limit chronic use.** The draft rules propose to impose taxes based on weight of product sold – i.e. no variation in “usable marijuana” (and possibly, “infused products”) for higher concentration of THC. We propose that taxation be by THC concentration rather than weight. Estimates by the WSLCB’s own consultant demonstrate that because costs of production are relatively similar regardless of THC concentration, higher concentration products should be taxed at a higher rate, if the policy objective is to avoid over use of higher concentrations. Without this graduated taxing system, more highly concentrated products may be increasingly favored, due to their THC effects, resulting in a market place increasingly skewed towards addictive behaviors/chronic use.
- **Pursue a legislative solution to medical marijuana system.** While we understand that the Board is not addressing integration of the medical marijuana regulatory framework with these recreational marijuana rules, we remain concerned that the objectives of I-502 will not be met without legislative action in the near future to address the medical

marijuana given the many important public health and public safety issues that are not being addressed in the medical marijuana market.

- **Create realistic timeline and clarify process for public and local government response to license applications.** We are concerned that the Board's current timeline (30 day window) for license applications may be problematic for several reasons:
 - Because local law enforcement typically provides finger-printing services, a 30-day window (as specified under New Section, WAC 314-55-081) will be insufficient to finger print all applicants, as required by the RCW,
 - Because initial applicants and subsequent renewals will occur at the same time in the calendar year each year, identifying a period when local governments have sufficient staff capacity to review applications is critical. Ideally, this would occur after the first of the calendar year (not beginning in early December).

Further, It is unclear what the level of evidence is and who can file complaints regarding current licensees, including who is responsible for taking complaints. This process needs to be clarified to ensure that the public and local governments understand the process.

As a local government, we hope to work closely with the Washington State Liquor Control Board as a partner to ensure that businesses are operating in a legal manner, and to ensure clear roles and responsibilities between the state and our local government agencies. While these are operational rather than rulemaking issues, clarification in the rules will help to establish clarity in this partnership at the outset.

Thank you for the opportunity to comment on the preliminary proposed rules for producer, processor and retailer licenses. Please do not hesitate to contact us if you have any questions regarding our comments.

Sincerely,



Laura Hitchcock, JD
Coordinator, King County Inter-branch Team on Cannabis Legalization

401 5th Avenue
CNK-1300
Seattle, WA 98104

206.236.8760
laura.hitchcock@kingcounty.gov

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 10:52 AM
To: 'Graham, Linda'
Subject: RE: Initiative 502 Initial Draft Rules

Linda,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Graham, Linda [<mailto:LGraham@srhd.org>]
Sent: Friday, June 07, 2013 4:15 PM.
To: rules
Subject: Initiative 502 Initial Draft Rules

Attached please find comments from Spokane Regional Health District concerning the Initiative 502 Initial Draft Rules.

Please do not hesitate to contact me if you have any difficulties accessing this document.



Linda J. Graham | Health Policy Specialist | Administration
509-324-1517 | 509-324-1507 fax | lgraham@srhd.org
Spokane Regional Health District | www.srhd.org



Always working for a safer and healthier community

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June 7, 2013

Washington State Liquor Control Board
P.O. Box 43080
Olympia, WA 98504-3080

Re: Initiative 502 Initial Draft Rules

Dear Director Garza and Members of the Board:

Spokane Regional Health District (SRHD) is pleased to provide comments on the Initial Draft Rules for the implementation of Initiative 502. We appreciate the opportunity for early engagement prior to the official rule making process.

The proposed rules have been reviewed from the perspective of our mission to promote the health, safety and well-being of the public. As you will note in the following suggestions, we are particularly focused on protecting young children from the accidental ingestion of marijuana and preventing youth access and exposure to marijuana use.

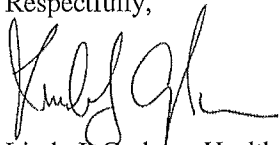
SRHD recommends that the Liquor Control Board consider the following:

- 1) Increase packaging and labeling requirements, in consultation with Department of Health's Retail Food Safety Program. Considerations should include:
 - a) Require "special packaging" for useable marijuana and marijuana-infused products in a manner similar to other items presenting a significant health risk to children. Such packaging requirements should make it significantly difficult for children to access the marijuana products and prohibit packaging from being unnecessarily attractive to children. (Relevant statutes include the Poison Prevention Packaging Act of 1970 and RCW 70.106.)
 - b) Require stronger, scientifically-based warnings concerning the health impacts of useable marijuana and marijuana-infused products.
 - c) Require additional warnings be included on labels affixed to useable marijuana and marijuana-infused products, rather than only on accompanying materials. The accompanying materials are likely to be ignored and discarded. The label warnings should, at a minimum, include a scientifically-based warning concerning the health impacts of smoking or ingesting marijuana and an appropriate warning concerning marijuana's impact on concentration, coordination and judgment.
 - d) Require a more detailed warning on labels and accompanying materials that specifically addresses the hazards posed to children by the ingestion of marijuana and marijuana-infused products. This warning should be more strongly stated than the currently proposed language of: "For use only by adults 21 and older. Keep out of reach of children." The proposed language simply raises awareness that it is illegal for those under 21 years of age to consume the product. It does not raise a particular awareness of the risks to young children who consume the product.
 - e) Standardize the educational/warning material that is required to accompany the retail sales of usable marijuana and marijuana-infused products in order to ensure the information is provided in an appropriate manner. The standardization should address such issues as a minimum font size and prohibiting additional messages that might contradict the required warnings or otherwise be misleading. This can be accomplished by including additional details in the rules or by having the State develop the required material and provide it to all retailers.

- f) Require point-of-sale/exit container packaging for useable marijuana, marijuana-infused products and marijuana paraphernalia, such as a sealed, nontransparent or opaque package or container (including, but not limited to, a brown paper bag that is stapled shut). This requirement would be an additional safety measure in regards to children accessing the products. It would also limit the visibility of marijuana use in the community, which may help to reduce the potential for youth being attracted to using marijuana and believing it poses no dangers. Having attitudes favorable to tobacco, alcohol or drugs, or feeling their use is not dangerous, is associated with an increased risk of adolescents using such substances.
- 2) Regulate the processing of useable marijuana and marijuana-infused products.
- a) Prohibit any products that combine marijuana with nicotine. Prohibiting nicotine additives would prevent the risks that nicotine poses to public health and avoid the additional addictive properties. Additional consideration should be given to prohibiting other additives designed to make the product more addictive.
 - b) Prohibit any products that combine marijuana with alcohol. Prohibiting marijuana products with alcohol will reduce the risks associated with co-consumption, including increased impairment of judgment and coordination and potential death from alcohol intoxication.
 - c) Prohibit any additives designed to make the product more appealing to children, such as a flavoring or coloring. In the case of marijuana-infused products, common baking or cooking items may be excluded from the definition of an additive.
 - d) Prohibit marijuana-infused products that are inherently attractive to children and could easily be confused with regular, non-harmful products. Examples include candy or candy-like products. Prohibiting such products would be additional protection for children beyond the packaging and labeling requirements suggested above.
- 3) Modify the definition of "child care center" to cover all licensed child care facilities. The current use of the phrase "with curriculum usually associated with preschools" appears to exclude in-home child care providers who could be adversely impacted by the proximity to a marijuana licensee.
- 4) Provide additional safeguards to prevent youth access to marijuana and marijuana-infused products. For example, provide education to retailers related to preventing sales to minors, such as how to identify fake driver's licenses. Require that the training of employees on preventing sales to minors be included in the retail license applicant's operating plan. Consideration should also be given to legislation that has been enacted to prevent youth access to tobacco. Aspects of that legislation may be applicable to preventing access to marijuana and should be incorporated into the rules and practices related to marijuana licensees.
- 5) Decrease the hours of operation for marijuana retail licensees or allow local jurisdictions to restrict the hours as necessary to reduce the impact on sensitive areas. The proposed hours of 6:00 a.m. to 2:00 a.m. could have significant impacts on the neighborhoods in which facilities are located, as licensees could locate in neighborhood retail or similar zones that exist in most cities. These impacts would disproportionally occur in low income neighborhoods that do not have the parks, schools, libraries or other facilities that would otherwise prevent a marijuana facility from being placed in the area.

Thank you for considering our comments as you work to develop the formal draft rules. Please do not hesitate to contact me to discuss any of our suggestions further.

Respectfully,



Linda J. Graham, Health Policy Specialist

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 10:51 AM
To: 'Jaime Paulson'
Subject: RE: Comments for WA 314-55-Marijuana

Steve,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Jaime Paulson [<mailto:JPaulson@tpchd.org>]
Sent: Friday, June 07, 2013 3:53 PM
To: rules
Cc: Kirsten Frandsen
Subject: Comments for WA 314-55-Marijuana

To Whom It May Concern,

Thank you for the opportunity to comment on the Draft Rules for WA 314-55 – Marijuana.

Attached you will find a document outlining our comments and considerations.

Please contact Kirsten Frandsen at (253) 798-3540 if you have any questions.

Thank you,

Steve Marek
Division Director
Environmental Health Division
(253) 798-2955 o • smarek@tpchd.org
(253) 798-6498 f • www.tpchd.org



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Tacoma-Pierce County Health Department
Comments on DRAFT WAC 314-55

The Tacoma-Pierce County Health Department recommends the following be considered in the revision of the final WAC 314-55:

1. WAC 314-55-010

Definitions

Recommend adding definitions for:

- Youth Center (*see item 4, below*)
- Consumption (*to represent all of the different forms of consumption, i.e. smoking, vaping, eating, etc*)

2. WAC 314-55-015

General information about marijuana licenses

Recommend:

- Disallowing mobile sales of marijuana.
- Prohibit the sale of marijuana at flea markets, farmers markets, public venues and anywhere that children under 21 are lawfully permitted.

3. WAC 314-55-020

Marijuana License Qualifications and Application Process

Recommend:

- Expanding the number of days for a local authority to respond to 45 days.
- Require all retail employees participate in a mandatory training program on laws related to the sales of marijuana products (*similar to mandatory trainings for tobacco and liquor sales*).

4. WAC 314.55.050

Reasons the board may seek denial, suspension, or cancellation of a marijuana license application or license.

Recommend:

- Add Youth Center to the list of entities that a marijuana business must operate at least 1000 feet from.

5. WAC 314-55-086

What are the mandatory signs a marijuana licensee must post on a licensed premises?

Recommend:

- The board provide signs required for posting that clearly state there is no smoking, vaping or ingesting marijuana on the premises

6. WAC 314-55-097

Marijuana Waste Disposal- Liquids and Solids

Questions to consider:

- Has the LCB consulted with the solid waste disposal industry (haulers/facility owners & operators) to see if they are willing to handle this kind of waste?
- At what point does the material simply become trash (solid waste) and not a controlled substance?
- Is the 50% mix by weight or volume?

7. WAC 314-55-105

Packaging and label requirements

Recommend:

- Similar to cigarettes and alcohol, require that the following components of "accompanying material" also be included on the product's package/label:
 - ✓ Smoking or ingesting this product may be harmful to your health
 - ✓ Women should not consume marijuana during pregnancy due to risk of harmful effects to a developing child (*note- a typo in your document- should read women, not woman*).
 - ✓ For use only by adults 21 and older. Keep out of the reach of children.

8. WAC 314-55-150

What are the forms of acceptable identification?

Recommend adding:

- To be consistent with liquor and tobacco laws, require retailers to check the age of purchasers who appear to be under a certain age.

9. WAC 314-55-155

Advertising

Recommend:

- All marijuana related products and advertising be removed from public view during periods of suspension or revocation (*this is consistent with model tobacco policies adopted by cities and towns across the US- see Matrix of Strong Local Tobacco Retailer Licensing Ordinances [here](#).*)

10. WAC 314-55-520 Group 1 Violations against public safety

Recommend re-considering violations in the following areas and consider whether a \$1,000 charge per violation is a significant deterrent (i.e. should the fine be increased and/or have a stepped increase per violation):

- Allowing a minor to frequent a restricted area
- Employee under legal age
- Licensee and/or employee open or consume marijuana in licensed premises

###

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 10:47 AM
To: 'Manskopf, Inga'
Subject: RE: comments - initial draft rules - I-502

Inga,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.lig.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Manskopf, Inga [<mailto:inga.manskopf@seattlechildrens.org>]
Sent: Friday, June 07, 2013 3:52 PM
To: rules
Subject: comments - initial draft rules - I-502

Ms. McCall,

Attached please find comments from the Prevention WINS coalition regarding the Liquor Control Board's initial draft rules for implementation of I-502.

Please let me know if you have any questions.

Thank you for the opportunity to provide comments!

Inga Manskopf
Prevention WINS | Adolescent Medicine
Seattle Children's Hospital

Visit us online!

Prevention WINS [website](#), [blog](#) & [Facebook](#) page
Member of the [King County Take Back Your Meds Coalition](#).

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June 7, 2013

Karen McCall, Rules Coordinator
Washington State Liquor Control Board
P.O. Box 43080
Olympia, WA 98504-3080

Dear Ms. McCall,

Thank you for providing the opportunity to offer comments about the Initiative 502 Initial Draft Rules for the establishment of a commercial marijuana marketplace in Washington.

We are writing on behalf of Prevention Works in Seattle (Prevention WINS), a community coalition with the mission of preventing youth substance abuse in the northeast neighborhoods of Seattle. We prevent youth substance abuse through evidence-based prevention programs for youth and families in our community's middle school, parent education, and advocacy for policies that reduce youth access and use of drugs and the enforcement of those policies.

The comments we are putting forth primarily address the last prevention strategy – policies that address youth access and use of marijuana and the enforcement of new marijuana regulations and laws. When possible, we aligned our comments with best practice youth substance abuse prevention policy. Since a legal commercial marijuana marketplace has never been established before, we relied on alcohol and tobacco policy to guide our comments. As a coalition that is very much community-focused, we also relied on our observations of marijuana-related issues in NE Seattle and the greater Seattle area.

We are pleased to see several of the provisions included in the draft rules address youth access to marijuana. Thank you for including the following items, most of which are recommended by the United States Surgeon General for preventing youth tobacco use¹:

- “Minors restricted” signs displayed by retailers will reduce the likelihood that people under the age of 21 will enter marijuana stores.
- Requiring that marijuana business employees must be 21 and older can help prevent the diversion of marijuana to minors.

¹ Surgeon General guide to tobacco prevention: http://www.surgeongeneral.gov/library/reports/preventing-youth-tobacco-use/sgr_chapt6.pdf

- Requiring that marijuana products be stored behind a counter in retail outlets can help with theft and, therefore, the diversion of marijuana to minors.
- Including the limitation spelled out in Initiative 502 that prohibits stores from being located less than 1,000 feet from perimeter of school, park, child care center and other places frequented by young people can help reduce the perception that community norms are favorable to drug use, a well-established risk factor² for youth drug use.
- Product packaging labels that are required to state that the products are for people ages 21 years and older reinforces that marijuana remains illegal for minors.
- Penalties for selling marijuana to minors are important for reducing underage access to the drug. Without consequences a law may not be followed.

While additional draft rules address areas of concern among those of us who work to prevent youth substance use, we suggest that some of them be strengthened. We also suggest that additional rules be included. The following are suggested changes and additions. Each item includes the best practice policy, what the draft rules say, and suggested changes.

Limit marijuana retail outlet density.

Prevention policy	What the initial rules say	Suggested change	Citations
Limiting outlet density	The Board to determine number of retail locations per county.	Limit density according to how liquor stores were placed prior to Initiative 1183.	Alcohol: <i>The Guide to Preventive Community Services</i> ³ , www.thecommunityguide.org Tobacco: multiple studies indicate that youth living in high-tobacco-outlet-density neighborhoods are more likely to smoke ⁴

Multiple studies (linked in the citations listed above) indicate that communities with a glut of tobacco and alcohol retail outlets experience higher rates of problematic use, including

² University of Washington School of Social Work, Social Development Research Group, *Building Protection: The Social Development Strategy*

³ Throughout these comments, we refer to *The Guide to Preventive Community Services*. This guide was developed by the Community Preventive Services Task Force, an independent, nonfederal, unpaid panel of public health and prevention experts that provides evidence-based findings and recommendations about community preventive services, programs, and policies to improve health. Its members represent a broad range of research, practice, and policy expertise in community preventive services, public health, health promotion, and disease prevention. The fifteen Task Force members are appointed by the Director of the Centers for Disease Control and Prevention (CDC).

⁴ Example; *Local tobacco policy and tobacco outlet density: associations with youth smoking*, Journal of Adolescent Health 2012 June; Lippman-Kreda S, Grube JW, Frlend KB



underage use, of tobacco and alcohol. Neighborhoods should not be over-run with marijuana retail outlets. This is of special concern in low income neighborhoods where socio-economic disparities related to substance abuse are evident.

We recommend that the Board be more specific in determining the number of retail licenses in a certain geographic area. By assigning a certain number by county only, the Board opens up the possibility of a disproportionate amount of those retail outlets being established in a small area within a county. Specifically, when the Board determines how many retail licenses are to be allowed in King County, we are concerned that a disproportionate amount of those licensees will open stores in Seattle when they should be evenly distributed throughout the county.

Before the approval of Initiative 1183, when the Liquor Control Board considered adding liquor stores several factors were taken into consideration. Information reviewed included data about demographics including population over 21, population that would turn 21 in the next five years, and overall population growth. Other factors included how much business current stores were doing and convenience to major populations (15 minute travel time to a store). We suggest that the Board use similar demographic, population growth, and travel time parameters to determine where a marijuana retail store should be located. By limiting marijuana retail outlets similar to how the Board limited liquor outlets, they will be evenly distributed among the state's population, regardless of the socio-economic make-up of a community, and accessible to all who want to purchase marijuana.

Establish hours of sale similar to state-run liquor stores prior to Initiative 1183.

Prevention policy	What the initial rules say	Suggested change	Citation
Limit hours of sale.	Marijuana retail outlets may be open 6:00 a.m. to 2:00 a.m.	Marijuana retail outlets may be open 9:00 a.m. to 10:00 p.m.	<i>The Guide to Preventive Community Services</i> , www.thecommunityguide.org

Before June 2012 when I-1183 was put into practice, state-run liquor stores were generally open between the hours of 9:00 a.m. and 10:00 p.m., with some variations according to location. Restricting hours of sale for alcohol is one strategy identified by *The Guide to Preventive Community Services* as reducing alcohol-related public health problems. Limiting marijuana retail outlet hours to 13 hours per day provides adequate access to consumers and may limit negative public health consequences.

Ban all advertising of marijuana.

Prevention policy	What the initial rules say	Suggested change	Citation
Ban on advertising	Some restrictions are placed on advertising.	Ban all advertising.	Surgeon General guide to tobacco prevention: www.surgeongeneral.gov/library/reports/preventing-youth-tobacco-use/sgr_chapt6.pdf

While we are pleased that some limits on advertising are proposed, we recommend a full ban on marijuana advertising.

Myriad research shows that there is a connection between alcohol and tobacco advertising and youth consumption of alcohol and tobacco. When looking at the link between advertising and underage drinking, the Center for Alcohol Marketing and Youth reports that exposure to alcohol advertising shapes attitudes and perceptions about alcohol use among adolescents. These attitudes and perceptions predict their positive expectancies and intentions to drink⁵. A complete ban on alcohol advertising would be the most effective alcohol policy for reducing underage drinking⁶.

Despite the finding that a ban on alcohol advertising would likely be a best practice for reducing underage drinking, the reality is that alcohol advertising is not banned and regulations are weak. Therefore, if the Board decides not to ban marijuana advertising we urge you to refer to tobacco advertising restrictions to guide marijuana advertising regulations.

The State of Washington is part of the Tobacco Master Settlement Agreement (MSA)⁷ that imposes significant prohibitions or restrictions on advertising, marketing and promotional programs or activities. In addition to a general ban on direct and indirect targeting of minors in advertising and marketing of tobacco products, the MSA specifically:

- Bans cartoons and any drawing or other depiction of an object, person, animal creature or any similar caricature that comically exaggerates features, attributes human characteristics to animals, plants or other objects, or uses similar anthropomorphic technique or attributes unnatural or extrahuman abilities.

⁵ "Alcohol Advertising Exposure and Perceptions: Links with Alcohol Expectancies and Intentions to Drink or Drinking in Underaged Youth and Young Adults," *Journal of Health Communication* 9(2004), K. Fleming, E. Thorson, et al.

⁶ "Prevention of Deaths From Harmful Drinking in the United States: The Potential Effects of Tax Increases and Advertising Bans on Young Drinkers," *Journal of Studies on Alcohol* 67 (2006), W. Hollingworth, B. E. Ebel, et al.

⁷ Information about the Settlement and the restrictions on advertising and marketing may be found at the Public Health Law Center's website: <http://publichealthlawcenter.org/topics/tobacco-control/tobacco-control-litigation/master-settlement-agreement>.



- Prohibits billboards and other outdoor advertising except for limited advertising where tobacco is sold.
- Bans payments for product placement of branded tobacco products in entertainment media.
- Bans distribution of brand name merchandise except in limited circumstances.
- Prohibits allowing third parties to use tobacco brand names.
- Bans lobbying against certain kinds of tobacco control legislation.
- Bans agreements between tobacco companies to suppress health-related research and product development.
- Bans material misrepresentations of fact regarding the health consequences of using tobacco products.

The MSA allows many forms of marketing subject only to the general undefined prohibition of direct and indirect marketing to youth. This allowance has contributed to tobacco companies continually spending more on marketing, while self-defining what constitutes marketing to youth in a very limited manner. With that in mind, we recommend that the Board take lessons learned from tobacco and also ban:

- Brand sponsorship of events including the television and Internet broadcast of the events.
- Sponsorship by parent companies (not brands).
- Direct mail solicitations and advertising.
- Advertising of products on the Internet beyond a businesses website.

Marijuana business websites should be prohibited from including advertising and marketing tools that are attractive to minors. This includes advertising and marketing tools on Facebook, Google+, Twitter, blogs, Instagram, Pinterest, and other social media platforms. Widgets, videos, e-cards, and other electronic forms of advertising and marketing, especially those that may easily be cut-and-pasted or embedded in personal Internet and social media sites should also be prohibited.

If the Board does not ban all advertising and marketing of marijuana, rules should be as specific as possible when defining what constitutes advertising and marketing to youth. When advertising and marketing to youth is loosely defined and self-enforced, to maximize profits businesses will take full advantage of the loose definition and market to youth while claiming to be following state law, just like tobacco businesses do.

Under the Tobacco Master Settlement Agreement, state attorneys general are responsible for enforcing the restrictions on cigarette marketing and advertising with the primary goal of reducing youth addiction to tobacco. Later in these comments, we recommend that the Board coordinate activities with law enforcement agencies statewide to ensure marijuana laws are

enforced. The Washington State Attorney General should be included in coordinating efforts to ensure that marijuana advertising laws are enforced.

Ban on Internet sales of marijuana.

Prevention policy	What the initial rules say	Suggested change	Citation
Ban Internet/ mail-order sales	Do not address	Sales must be made face-to-face at the time of purchase.	<i>Regulatory Strategies for Preventing Youth Access to Alcohol: Best Practices</i> , www.udetc.org/Publications.htm

The Campaign for Tobacco Free Kids recommends that it should be unlawful for any tobacco-related business to sell, offer for sale, deliver, or cause to be delivered any tobacco products except in a face-to-face transaction at the time of purchase. To ensure that marijuana is not inadvertently sold to minors, the Board should consider adopting similar restrictions on the retail sale of marijuana products.

Ban infused products that appeal to youth or may be confused for products that do not contain marijuana and are often consumed by children.

Prevention policy	What the initial rules say	Suggested change	Citation
Ban products that attract youth	Do not address	No products that may be attractive to children, including adolescents.	Surgeon General guide to tobacco prevention: www.surgeongeneral.gov/library/reports/preventing-youth-tobacco-use/sgr_chapt6.pdf

Recently, a report published in the Journal of the American Medical Association – Pediatrics discussed the increase in unintentional ingestion of marijuana among children in Colorado⁸. As the Board knows from experience, many flavored malt beverages are fruit flavored and particularly attractive to minors. In one survey about underage drinking, when asked what one type of alcohol drink they would most prefer, 30% of teens said “alcopops”⁹ (the term used to describe these flavored alcoholic beverages – a combination of “alcohol” and “pop”).

⁸ *Pediatric Marijuana Exposures in a Medical Marijuana State*, May 27, 2013, <http://archpedi.jamanetwork.com/article.aspx?articleid=1691416>

⁹ *Alcopops: Summary of Findings. What Teens and Adults are Saying about Alcopops*, Center for Science in the Public Interest, May 2001



In the past, the Board has banned the sale of certain alcohol products because of the high likelihood that the products are attractive to minors. A similar ban should be placed on marijuana-infused products that are attractive to minors and resemble products primarily consumed by children. Examples of such products, many of which currently may be sold in medical marijuana access points, include but are not limited to:

- Snow-cones,
- Hard candy, lollipops, and cookies shaped like animals, people, cartoon and other characters, Christmas trees, snowmen, stars, etc.,
- Soda-pop,
- Juice,
- Candy bars,
- Pop-Tarts,
- “Gummy” candies shaped like worms, bears, etc.

Some flavored tobacco and alcohol products are also banned because of their potential to attract young people. The Board should ban marijuana products containing flavorings such as fruit, candy, and vanilla.

Establish a mandatory Responsible Vendor Program for marijuana retail vendors.

Prevention policy	What the initial rules say	Suggested Change	Citation
Merchant education	Merchants must have operating plans that include security, traceability, employee qualifications & training, waste destruction, list of products & how they will be displayed.	Include a Responsible Vendor Program that includes education for vendor employees.	Surgeon General guide to tobacco prevention: www.surgeongeneral.gov/library/reports/preventing-youth-tobacco-use/sgr_chapt6.pdf <i>Regulatory Strategies for Preventing Youth Access to Alcohol: Best Practices,</i> www.udetc.org/Publications.htm

The Board currently offers a Responsible Vendor Program (RVP) for alcohol retailers and should enact a similar mandatory program for marijuana retailers to prevent the sale of marijuana to minors. The marijuana RVP should include:

- Written “house policies” that spell out (1) the forms of ID accepted at the business, (2) how ID will be checked, (3) the consequences of selling to a minor, and (4) how these policies will be shared with all staff and posted on the premises.
- A written list of types of signs visible to patrons at your premises that deter the illegal purchase of marijuana and the consequences associated with supplying marijuana to a minor.
- Employee training materials including:
 - How to recognize minors,
 - Legal forms of ID,
 - How to check ID and recognize false or altered ID,
 - Recommended approaches for refusing sale of marijuana,
 - The consequences of selling to minors and the importance of public safety laws,
 - A review of house policies.
- An on-going training plan that includes how often employee trainings are provided. At a minimum, each employee should receive continuous training on an annual basis. Records of trainings should be kept that include training dates, names of participating employees, and a training summary.

Increase Liquor Control Board enforcement capacity.

Prevention policy	What the initial rules say	Suggested Change	Citation
Enforcement of laws to prevent underage use	Do not address.	Include education and collaboration with all law enforcement agencies	<i>Regulatory Strategies for Preventing Youth Access to Alcohol: Best Practices</i> www.udetc.org/Publications.htm

Initiative 502 eliminated many laws pertaining to marijuana but not all laws, including minor in possession laws and laws regarding the furnishing of marijuana to minors. New marijuana laws were established and new rules are currently being created, including where marijuana may be produced, processed, and sold. For laws to be effective, they must be enforced consistently. State laws must be enforced in every jurisdiction. Therefore, we recommend that the Board conduct extensive education about the law among police around the state and increase



enforcement capacity. Law enforcement agencies may need guidance and support as they navigate the new law and determine best practices for enforcing it.

To enhance enforcement capacity, the Board's enforcement staff and local law enforcement agencies are encouraged to collaborate. Research conducted by the Pacific Institute for Research and Evaluation recognizes that to effectively implement laws to prevent consumption among minors, State and local governments should clarify their roles. In their guide linked in the citation above, "Both State and local governments have key roles to play in the establishment and enforcement of regulations designed to reduce underage drinking. In order to maximize effectiveness, each level of government should adopt concurrent State and local authority to establish and enforce youth access regulations and avoid the State preemption doctrine. They should also promote partnerships between State and local agencies responsible for implementing and enforcing regulations."

If the "no public consumption" provision is not enforced, regulate public consumption similar to the regulation of public alcohol consumption.

Prevention policy	What the initial rules say	Suggested Change	Citation
Establish consumption restrictions in public locations	Do not address.	Either: Reiterate no public consumption Or: Regulate public consumption during festivals	<i>Regulatory Strategies for Preventing Youth Access to Alcohol: Best Practices</i> , www.udetc.org/Publications.htm

Though Initiative 502 explicitly prohibits the public consumption of marijuana, we have seen little, if any, enforcement of this law around the state¹⁰. This is especially a concern during large festivals such as Sasquatch in George, Folklife and Bumbershoot in Seattle, and Hempfests. Minors attend these events and have easy access to marijuana since it openly consumed.

If local jurisdictions are unable or unwilling to enforce the no public consumption laws, the Liquor Control Board should regulate public consumption during festivals similar to how the public consumption of alcohol during festivals is regulated. "Marijuana gardens" could be

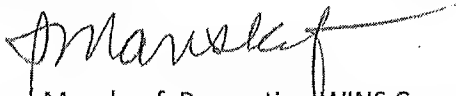
¹⁰ For example, see recent news story "*Washington music festivals going to pot with legalized marijuana?*", <http://mynorthwest.com/920/2283651/Washington-music-festivals-going-to-pot-with-legalized-marijuana>

regulated like beer gardens -- fenced off areas that only adults are allowed to enter. Fenced off areas where marijuana is allowed to be consumed (not necessarily smoked) by adults would allow adult festival participants to consume marijuana similar to the way they consume beer and, at the same time, prevent youth access and consumption.

We suggest this option only if the ban on public consumption of marijuana continues to go unenforced. There is the law and then there is the reality of how a law is implemented. If the law states that enforcement agencies shall enforce the law but in reality they do not, then other options must be considered.

Thank you for your continued attention to policy that affects the use of marijuana among minors. The policies adopted and enforced by the Board can have a significant impact on youth marijuana consumption. We are available to discuss any of the suggestions in this letter in more detail if needed.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Inga Manskopf', written in black ink.

Inga Manskopf, Prevention WINS Coordinator

on behalf of the Prevention WINS Board of Directors:

- Gary Hothi
- Kelly Kerby
- Annemarie Michaels-Plumpe
- Christine Milton
- Lisa Sharp
- Kipp Strong

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 11:08 AM
To: 'Jeffrey C. Raber'
Subject: RE: Comments on Draft Rules

Jeff,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Jeffrey C. Raber [<mailto:jeff@thewercshop.com>]
Sent: Sunday, June 09, 2013 11:30 AM
To: rules
Subject: Comments on Draft Rules

Dear Rules Coordinator,

Please find our comments on the draft i-502 rules attached.

Thank you,
Jeff

Jeffrey C. Raber, Ph.D.
President
The Werc Shop, Inc.
310-703-9567
www.TheWercShop.com

The Werc Shop, Inc.
2585 Nina Street
Pasadena, CA 91107
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310-703-9567



Jeffrey C. Raber, Ph.D., President

June 8, 2013

Rules Coordinator
Liquor Control Board
P.O. Box 43080
Olympia, WA 98504-3080

Re: Comments pertaining to draft rules for implementation of Initiative 502, DRAFT WAC 314-55

To Whom It May Concern:

I would first like to commend you on seeking input from consultants, experts in the fields and the general public in a controlled and transparent manner. We are very understanding of the difficulty of the task you are undertaking but we have very optimistic hopes that you will continue to do such an outstanding job and will ultimately deliver an excellent set of model regulations. I hope you find our comments and insights on the current draft to be helpful in reaching your goals.

As a brief introduction we are an independent analytical laboratory that has offered medical cannabis analysis in California for the last 3 years. As professional scientists with formal chemistry degrees we are recognized by many as scientific leaders and are respected for our depth of knowledge and innovative analysis efforts with cannabis. Our comprehensive cannabis testing program covers over 45 different cannabinoids and terpenes, detection of 30 different pesticides and hundreds of microbiological contaminants. We have processed thousands of samples and benefit from vast cannabis and botanical analytical expertise retained by professional scientists. I can assure you we are more than capable of doing any of the types of testing your program may require to deliver consumable products to the general population, and we always do so with integrity, precision and accuracy.

- 1.) **Definition of "Lot" (WAC 314-55-010 part 9).** Laboratories operate on the milligram, gram and kilogram levels. We do not want to deal with pounds. Please change the quantity values to be 1 kilogram (2.2 pounds) and 3 kilograms for flowers and other plant parts, respectively. Once laboratories have accounted for all kilograms, conversion calculations to pounds for tax purposes would be very simple.
- 2.) **Residency requirements for license applicants (WAC 314-55-020 part 7).** Why is a 3 month residency requirement suggested? Outside expertise is desperately needed to come in to your state to help meet all of the regulations you are establishing. If that is not present your entire system could collapse. If there is a 3 month requirement, those seeking to meet this will already have established their presence and will meet the 3 month requirement when you begin licensing. We strongly believe no residency requirement should be implemented as background checks and individual investigations will be far more effective and will serve the purpose more appropriately.
- 3.) **What constitutes a substantial operating change (WAC 314-55-020 part 9)?** This market moves very quickly and we can't predict what types of new innovative products may be developed at what points in the future, nor what combinations of new developments may enable to be even further created, therefore trying to know an entire operating plan is virtually impossible. Does a new product line, a new strain, a new type of formulation, a new label, a different dose, or any of that constitute a "substantial" change? If everything is being tested at the proper points, these types of restrictions are far less sensible and will only serve to overburden the enforcement and oversight efforts to the point of breaking down the entire system.

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Jeffrey C. Raber, Ph.D., President

- 4.) **Implementation concerns on new section WAC 314-55-035.** We realize you need to know and understand who is operating and behind the licensed organizations, but as currently drafted it appears to be exceptionally difficult to be able to fully implement that level of scrutiny. No other precedent, including within liquor, could be found that paralleled this sort of investigatory reach. Contractors, spouses and far too many minor and fluidic parts are required to be checked at an almost constant rate. That will be exceptionally cumbersome if not impossible to perform. Perhaps something more along the lines of a threshold limit for anyone deriving more than X% of gross revenues or holding more than Y% of an equity stake in the operation to be subject to full investigations would serve the same intent but be far easier for everyone to manage?
- 5.) **It isn't clear what the purpose of the "Quarantine" is in section 314-055-083 part 3(e).** This language needs to be clarified in order to allow for testing to be done at that point and only upon test results being completed can the material move on to the next point, either shipping, further processing, or disposal. As it is worded now it seems like it simply sits there for no apparent reason. Is the intent that the LCB will come by and verify the weights on each shipment?
- 6.) **Expansion of transporting agents in section 314-055-085 part 5(a) is needed.** A "designated agent" should also be included to allow for samples to be shipped through the state. A courier that is licensed and bonded by the state to handle these products, or other suitable agent that can assure safe delivery and only transport within the state would be a huge improvement to this draft. That will enable far easier laboratory access to the remote producers and processors as it is simply impractical to think laboratories will set up equipment all over the state, but agents trained to pick samples and send them to the laboratory accordingly is completely possible and reasonable.
- 7.) **Waste handling in section 314-055-097 should be expanded.** Sustainable activities of all types should be required and what may today seem like a 'waste' stream may become tomorrow's exceptionally valuable raw material for further derivatization into new products. What is currently drafted is all acceptable, but we strongly request expansion to include further processing that will render the material useless in a consumption fashion but may still impart other value as chemical feedstocks to also be permitted with the 'waste'.
- 8.) **Accreditation clarification in section 314-055-102.** What organizations would be accrediting the testing laboratories? To what standards? We've seen completely worthless accreditations being handed out to some laboratories that had virtually no command or understanding of analytical techniques and equipment. Accreditation is worthless if you allow it for an internally developed method and that method is not scrutinized in any sort of proficiency testing or ring test. Will there be interim accreditation offered before full approval so that the program can initially launch without excessive delays? Labs need to demonstrate their proficiency to the accreditor and can only do that by operating in some fashion, so we strongly suggest interim state accreditation be offered initially.
- 9.) **Processor extraction requirements in section 314-055-104.** What is the definition of "properly trained"? Does that include 3 years of experience in their kitchen with butane handling? We hope not. Class 3 solvents are way too broad and unnecessary here. Restriction to far fewer and more sensible solvents will make regulatory oversight and laboratory more effective and efficient. USP grade solvents should also be allowed, and we'd prefer to see 98% or higher purities required.
- 10.) **Customer purchase size in packaging and labeling section 314-055-105 part 5.** Did you mean "of" the lot instead of referring to a customer buying an entire 2 pound lot?

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Jeffrey C. Raber, Ph.D., President

- 11.) **Label example within packaging and labeling section 314-055-105 part 10.** Your label example doesn't meet the label requirements as drafted as the cannabinoid concentrations are incorrect and do not include the cannabinoid acids or others you are requiring to be reported. If you need a realistic example of some values please don't hesitate to request one from us and we can provide you with values to use.
- 12.) **Ingredients and allergen listings within packaging and labeling section 314-055-105 part 11 (h).** Why shouldn't these be labeled the same as any other product currently produced and consumed by humans within the state of Washington? Ingredients, nutritional facts and allergen labeling is all well established, simply point to those existing regulations to make it easier and clearer for everyone.
- 13.) **Testing Violations appear to be absent.** There is no reference to any penalty for non-compliance with testing requirements. We can absolutely assure you, from our experience in Los Angeles, with no sort of enforcement ability or follow-through there will be absolutely no compliance. There needs to be firm and well-monitored rules established to fine and penalize those operators who do not comply with testing requirements.

Please feel free to contact me about any and all questions you may have pertaining to our comments above or any other facet as required. We are a well-informed resource and we're happy to help you do the absolute best possible job you can do given the information available today.

Sincerely,



Jeffrey C. Raber, Ph.D.
President
The Werc Shop, Inc.
jeff@TheWercShop.com

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 10:45 AM
To: 'Gill, Beth (ECY)'
Subject: RE: I-502 Initial Draft Rule Comments

Beth,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Gill, Beth (ECY) [<mailto:begi461@ECY.WA.GOV>]
Sent: Friday, June 07, 2013 3:20 PM
To: rules
Cc: Seiler, K (ECY); Taylor, Marsh (ECY); Seeberger, Don (ECY); Salvi, Albert (ECY)
Subject: I-502 Initial Draft Rule Comments

Please find the attached comments on the Initial Draft Rule for I-502 Implementation, including a revised copy of section WAC 314-55-097 Marijuana Waste Disposal – Liquids and Solids with recommendations for waste management. Please note that this letter will be sent in a separate email to Michael Steenhout at the Liquor Control Board.

Beth Gill

Secretary Senior - Waste 2 Resources Program
Southwest Regional Office: 360-407-6380
Headquarters: 360-407-6325
beth.gill@ecy.wa.gov





STATE OF WASHINGTON
DEPARTMENT OF ECOLOGY

PO Box 47600 • Olympia, WA 98504-7600 • 360-407-6000

711 for Washington Relay Service • Persons with a speech disability can call 877-833-6341

June 7, 2013

Rules Coordinator
Liquor Control Board
P.O. Box 43080
Olympia, WA 98504-3080

RE: Comments on the Initial Draft Rule for I-502 Implementation

Dear Rules Coordinator:

The Washington State Department of Ecology appreciates the opportunity to provide comments on the draft rule for I-502 Implementation: WAC 314-55 Marijuana Licenses, Application Process, Requirements, and Reporting. Comments from Ecology focused on the following four program areas:

Air – The air program recommends adding the following language to the producer (075(1)) and processor (104(2)) sections: “must comply with all state and local environmental laws and regulations”

Water – The water quality program recommends adding language to the disposal section (097) to address wastewaters generated. This has been addressed in the attached revision of WAC 314-55-097(2).

Hazardous Waste – WAC 314-55-097 - Management of Marijuana Waste – this section of the rule must comply with Dangerous Waste regulations (WAC 173-303). Any solid wastes (in the forms of liquids, solids, semi-solids and contained gases) from manufacturing and production processes are subject to the designation procedures outlined in the State’s Dangerous Waste Regulations (WAC 173-303-070). It is the responsibility of each solid waste generator to properly evaluate their solid waste to determine if it designates as a dangerous waste. If a generator’s solid waste does designate as a dangerous waste, then that waste(s) is subject to the applicable management standards found in Chapter 173-303 WAC. Changes in the attached revision of WAC 314-55-097 reflect this requirement.

Solid Waste – WAC 314-55-097 – Management of Marijuana Waste – this section of the rule must comply with Solid Waste regulations (WAC 173-350). For waste material that does not designate as Dangerous Waste, we recommend that plant matter rendered unusable should only be ground up with other organic materials. This allows that material to be managed at a variety of solid waste facilities: permitted compost facility, anaerobic digester, incinerator, or landfill. That change is incorporated into the attached revision of WAC 314-55-097. Grinding the marijuana plant matter and mixing with paper, cardboard, plastic, or soils would limit the options for waste management to only a permitted landfill or incinerator for disposal. This limited disposal option is included in the draft as an option (see our attached revision in subsection (5)(b)).

Rules Coordinator

June 7, 2013

Page 2

Paper, cardboard, and plastic are valuable commodities in the recycling industry. Disposing of these materials in a landfill is not encouraged. Alternatively, marijuana plant waste material can be managed on-site when Chapter 173-350 WAC requirements are followed.

Additionally, the revision of Section 097 includes the requirement that the producer/processor keep a record of the final destination of the marijuana waste that is rendered unusable.

Depending on what comments are accepted by LCB in the disposal section (097), other changes may be needed in other sections of the rule: for example, Section 020(8) refer to the waste management section (097) process in the operating plan requirements or in Section 104 refer the extraction process to the waste management section (097).

Other General Comments:

- Ecology recommends adding definitions for "marijuana waste" and "rendered unusable" to the definitions section (010).
- The transportation of recyclable materials (which includes compost feedstocks) in Washington may require the use of a registered hauler of recyclable materials (per WAC 173-350-245). A producer or processor who self-hauls the marijuana waste to a compost facility would not be required to be a registered hauler.
- Did LCB complete or consider a State Environmental Policy Act (SEPA) review for the rule making process or was a decision made that an exemption in the SEPA rules precluded the need to complete a SEPA? Does LCB anticipate producers, processors, and retailers will need to complete a SEPA for their operations or will this decision be deferred to local agencies?

Attached is a revised copy of section WAC 314-55-097 Marijuana Waste Disposal – Liquids and Solids for your consideration, that includes our recommendations for waste management.

Ecology is available to discuss the comments provided and is willing to work with LCB on alternative drafts in a timely fashion in order to meet LCB's needs.

If you have any questions or wish to discuss our comments further, please contact me by e-mail at laurie.davies@ecy.wa.gov or by phone at 360-407-6103.

Sincerely,



Laurie G. Davies
Program Manager
Waste 2 Resources Program

cc: K Seiler, Hazardous Waste Toxic Reduction Program
Marsh Taylor, Ecology Air Quality Program
Don Seeberger, Ecology Water Quality Program
Michael Steenhout, Washington State Liquor Control Board

Draft WAC 314-55

Marijuana Licenses, Application Process, Requirements, and Reporting

New Section. WAC 314-55-097 Marijuana Waste Disposal – Liquids and Solids.

Comment [a1]: It would be helpful to add a definition of 'marijuana waste' in the definition section. Ecology does not know enough about what wastes might be created to try and come up with a definition for this, but would like to see one so everyone knows what would be applicable to this section.

(1) Solid and liquid wastes generated during marijuana production and processing must be stored, secured, managed, and disposed in accordance with applicable state and local laws and regulations.

(2) Wastewater generated during marijuana production and processing must be disposed of in compliance with applicable state and local laws and regulations.

(3) Wastes from the production and processing of marijuana plants must be evaluated against the States Dangerous Waste Regulations (Chapter 173-303 WAC) to determine if those wastes designate as dangerous waste. It is the responsibility of each waste generator to properly evaluate their waste to determine if it designates as a dangerous waste. If a generator's waste does designate as a dangerous waste, then that waste(s) is subject to the applicable management standards found in Chapter 173-303 WAC.

(a) Wastes that must be evaluated against the Dangerous Waste Regulations include, but are not limited to, the following:

- (i) Waste from marijuana flowers, trim and solid plant material used to create an extract (per WAC 315-55-104).
- (ii) Waste solvents used in the marijuana process (per WAC 315-55-104).
- (iii) Discarded plant waste, spent solvents and laboratory wastes from any marijuana processing or quality assurance testing.
- (iv) Marijuana extract that fails to meet quality testing.

(b) Marijuana wastes that do not designate as dangerous shall be managed in accordance with subsection (4).

(4) Marijuana waste that does not designate as dangerous waste (per Subsection (3)) must be rendered unusable following the methods in subsection (5) prior to leaving a licensed producer, processor, retail facility, or laboratory. Disposal of the marijuana waste rendered unusable must follow the methods in subsection (6).

(a) Wastes that must be rendered unusable prior to disposal include, but are not limited to, the following:

- (i) Waste evaluated per Subsection (3) and determined to not designate as Dangerous Waste.
- (ii) Marijuana plant waste, including roots, stalks, leaves and stems that have not been processed with solvent.
- (iii) Solid marijuana sample plant waste possessed by third party laboratories accredited by the board to test for quality assurance that must be disposed of.

(iv) Other wastes as determined by the LCB.

(b) A producer or processor must provide the board a minimum of 168 hours notice in the traceability system described in WAC 314-55-083(4) prior to rendering the product unusable and disposing of it.

Comment [a2]: Why not just say 7 days?

(5) The allowable method to render marijuana plant waste unusable is by grinding and incorporating the marijuana plant waste with other ground materials so the resulting mixture is at least fifty percent non marijuana waste by volume. Other methods to render marijuana waste unusable must be approved by LCB before implementation. Material used to grind with the marijuana falls into two categories: compostable waste and non-compostable waste.

(a) Compostable mixed waste: Marijuana waste to be disposed as compost feedstock or in another organic waste method (for example, anaerobic digester) may be mixed with the following types of waste materials:

- (i) Food waste,
- (ii) Yard waste,
- (iii) Vegetable based grease or oils, or
- (iv) Other wastes as approved by the LCB.

(b) Non-compostable mixed waste: Marijuana waste to be disposed in a landfill or another disposal method (for example, incinerator) may be mixed with the following types of waste materials:

- (i) Paper waste,
- (ii) Cardboard waste,
- (iii) Plastic waste,
- (iv) Soil, or
- (iv) Other wastes as approved by the LCB.

(6) Marijuana wastes rendered unusable following the method described in subsection (4) can be disposed. (a) Disposal of the marijuana waste rendered unusable may, with written approval from the jurisdictional health department, be delivered to a permitted solid waste facility for final disposition. Examples of acceptable permitted solid waste facilities include:

- (i) Compostable mixed waste: compost, anaerobic digester, or other facility with approval of the jurisdictional health department.
- (ii) Non-compostable mixed waste: landfill, incinerator, or other facility with approval of the jurisdictional health department.

(b) Disposal of the marijuana waste rendered unusable may be managed on-site by the generator in accordance with the standards of Chapter 173-350 WAC.

(c) A record of the final destination of marijuana waste rendered unusable.

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 10:21 AM
To: 'Robert Capecchi'
Subject: RE: Comments to initial draft rules for I-502

Robert,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Robert Capecchi [<mailto:rcapecchi@mpp.org>]
Sent: Tuesday, June 11, 2013 8:52 AM
To: rules
Subject: Comments to initial draft rules for I-502

To whom it may concern:

Attached are comments to the Liquor Control Boards initial draft comments for I-502. I understand that these are being submitted 9 hours late. This email had, for some reason, not sent. I do sincerely apologize and hope and trust the board will take into account our brief comments.

Thanks you much, please be sure to contact me if you have any questions.



Marijuana Policy Project
236 Massachusetts Ave. NE, Suite 400
Washington, DC 20002
p: (202) 462-5747 • f: (202) 232-0442
info@mpp.org • www.mpp.org

"We change laws."

To: Rules Coordinator
Liquor Control Board
P.O. Box 43080
Olympia, WA 98504-3080

From: Robert J. Capecchi
Deputy Director of State Policies
Marijuana Policy Project

Date: June 10, 2013

Re: I-502 initial draft rules

In concert with our supporters – over 125,000 nationwide – the Marijuana Policy Project (MPP) advocates at the state and federal levels for sensible marijuana policy reform. MPP supported the campaign to pass I-502, which replaces Washington's prohibition on marijuana with a system of strict regulation. Our initiatives department led the drafting and campaign for Colorado's Amendment 64, which will also regulate marijuana similarly to alcohol. We write today to comment on some of the provisions included in the I-502 initial draft rules.

The board's draft language is quoted initially. MPP's suggestions are found in the comment boxes with underscored and struck-through language being additions or redactions to the language found in the draft revised on May 16, 2013.

Thank you very much for your consideration and your hard work on establishing a system for regulating marijuana.

Sincerely,

Robert J. Capecchi
Deputy Director of State Policies, Marijuana Policy Project
202-905-2007
rcapocchi@mpp.org

DRAFT WAC 314-55

Marijuana Licenses, Application Process, Requirements, and Reporting

1) WAC 314-55-020 Marijuana license qualifications and application process

“(3) The board will conduct an investigation of the applicants’ criminal history and administrative violation history per WAC 314-55-040 and 314-55-045.

(a) The criminal history background check will consist of completion of a personal/criminal history form provided by the board and submission of fingerprints to a vendor approved by the board. The applicant will be responsible for paying all fees required by the vendor for fingerprinting. These fingerprints will be submitted to the Washington State Patrol and the Federal Bureau of Investigation for comparison to other criminal records. The applicant will be responsible for paying all fees required by the Washington State Patrol and the Federal Bureau of Investigation.

(b) Financiers will also be subject to criminal history investigations equivalent to that of the license applicant. Financiers will also be responsible for paying all fees required for the criminal history check.”

MPP comment: MPP understands the need to conduct background checks in order to ensure the best actors are selected to operate marijuana businesses in Washington, but urges the board to add a provision to this section prohibiting the board or any other state official from directly or indirectly disclosing to the Federal Bureau of Investigation or the Washington State Patrol the reason why fingerprints are being submitted.

Although the state of Washington has wisely taken a new approach on marijuana, marijuana cultivation and sales are still against federal law. Prohibiting the board from telling the Federal Bureau of Investigation why it is requesting a fingerprint background check will prevent the federal government from compiling the names of all individuals who are seeking to work in the state-legal, federally illegal, marijuana market. Arizona’s medical marijuana law includes similar language. (Ariz. Rev. Stat. § 36-2819)

We recommend amending **WAC 314-55-020** to read:

“(3) The board will conduct an investigation of the applicants’ criminal history and administrative violation history per WAC 314-55-040 and 314-55-045.

(a) The criminal history background check will consist of completion of a personal/criminal history form provided by the board and submission of fingerprints to a vendor approved by the board. The applicant will be responsible for paying all fees required by the vendor for fingerprinting. These fingerprints will be submitted to the Washington State Patrol and the Federal Bureau of Investigation for comparison to other criminal records. The applicant will be

responsible for paying all fees required by the Washington State Patrol and the Federal Bureau of Investigation.

(b) Financiers will also be subject to criminal history investigations equivalent to that of the license applicant. Financiers will also be responsible for paying all fees required for the criminal history check.

(c) The board and any vendor working on behalf of the board shall not disclose to the Federal Bureau of Investigation or the Washington State Patrol that the criminal record check requested is related to marijuana or marijuana license applicants or financiers.”

2) WAC 314-55-050 Reasons the board may seek denial, suspension, or cancellation of a marijuana license application or license.

“(17) The board determines the issuance of the license will not be in the best interest of the welfare, health or safety of the people of the state.”

MPP comment: This is the seventeenth and final listed reason for denial, suspension, or cancellation of a marijuana license application or license and is duplicative and unnecessary. I-502 and subsection 10 of draft WAC 314-55-050 already require local input during the application process. Zoning and land use law is traditionally left to the municipalities. Local authorities are in the best position to determine if a potential marijuana business would pose a risk to the “welfare, health, or safety” of the people who live in that municipality. Local authorities are free to object to issuance of a license and that objection is given “substantial weight.” RCW 69.50.331(9). The board is not in a position to best determine what promotes public health in every jurisdiction across Washington. This broad power is duplicative and is ripe for abuse.

We recommend deleting **WAC 314-55-050(17)**:

~~“(17) The board determines the issuance of the license will not be in the best interest of the welfare, health or safety of the people of the state.”~~

3) WAC 314-55-081 Who can apply for a marijuana retailer license?

“(3) If more candidates submit interest in applying than the number permitted licensed locations, a random drawing will be conducted to determine those entities eligible to apply for a license.”

MPP comment: We urge the board to use a merit-based, competitive scoring process in each city, county, or other specific geographic area instead of a random

drawing. By using a competitive application process, the board will ensure that applicants selected to operate marijuana businesses are not only eligible, but are the most qualified among all eligible. Several states with medical marijuana dispensary laws select operators using a similar process, including New Mexico, Maine, Rhode Island, and Vermont.

We recommend amending **WAC 314-55-081** to read:

“(3) If more candidates submit interest in applying than the number of permitted licensed locations, a random drawing will be conducted the board shall institute a competitive scoring process that takes into account the applicants’ applicable experience, training, and expertise; their plans for security and to prevent diversion; any criminal, civil, or regulatory issues encountered by other entities the applicant has controlled or managed; and the suitability of the proposed location in order to determine those entities eligible to apply for a license licensure. The board may divide the state into geographic areas and grant licenses within each area based on a competitive process.”

4) WAC 314-55-083 What are the security requirements for a marijuana licensee?

“(3)(f) All camera recordings must be continuously recorded twenty-four hours a day. All surveillance recordings must be kept for a minimum of forty-five days on the licensee’s recording device. All videos are subject to inspection by any liquor control board employee or law enforcement officer, and must be copied and provided to the board upon request.”

MPP comment: This past November, the people of Washington were asked to decide what the state’s marijuana policy would be. Would Washington continue to move along with a failed policy of outright prohibition, or would Washington replace prohibition with a public health approach that stresses regulations? The people overwhelmingly chose the latter. Marijuana business inspections should be the sole purview of the board. As is the case with all lawful private property, absent exigent circumstances, law enforcement should only be able to demand that private surveillance videos be turned over to them or inspect private property with a warrant supported by probable cause or with the consent of the licensee. While most law enforcement respect their state marijuana laws, we have seen cases where local law enforcement abuse the power of inspection. For instance, in September of 2010, local law enforcement officials in Michigan inspected the marijuana cultivation site of a medical marijuana provider. These officials made recommendations to improve the site and then signed off on their inspection. One of these law enforcement officials then went to work for the Drug Enforcement Agency and conducted a raid and arrested the cultivators of the same site he had just months earlier signed off on. (Grim, Ryan, “Jerry Duval, Medical Marijuana Patient, Headed to Same Federal Prison Facility As Boston Bomber,” *Huffington Post*, 5/28/13.)

We recommend amending **WAC 314-55-083(3)** to read:

“(f) All camera recordings must be continuously recorded twenty-four hours a day. All surveillance recordings must be kept for a minimum of forty-five days on the licensee’s recording device. All videos are subject to inspection by any liquor control board employee ~~or law enforcement officer~~, and must be copied and provided to the board upon request. Absent exigent circumstances, Washington state law enforcement may only inspect the private surveillance video of a marijuana licensee if they have a warrant supported by probable cause or consent of the licensee.”

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 9:49 AM
To: 'Jeremy Moberg'
Subject: RE: Okanogan Cannabis Ass. official comments on initial draft rules

Jeremy,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Jeremy Moberg [<mailto:jeremy.moberg@gmail.com>]
Sent: Monday, June 10, 2013 2:54 PM
To: Simmons, Randy L; rules
Subject: Okanogan Cannabis Ass. official comments on initial draft rules

Hello Randy Simmons and LCB,

Please find attached our official comments to the initial LCB draft rules. We thank you for considering our concerns as you develop the draft rules. Please call or write if you have any questions.

Jeremy Moberg
OCA President
509.322.4772

June 3, 2013

Sharon Foster, Board Chair
Liquor Control Board
3000 Pacific Avenue
Mailstop 43076
Olympia, WA 98504

From: The Okanogan Cannabis Association

Dear Ms. Foster and Members of the Liquor Control Board and staff:

The Okanogan Cannabis Association (OCA) is pleased to see that the LCB is allowing for sustainable sun grown cannabis under the initial draft rules. We believe that it is imperative to the success of the initiative for the final adopted rules to allow sun growers to grow in the most economical way using passively ventilated greenhouses or hoop houses, exposing plants directly to the sun and air. Separate security measures must be adopted for sun growers that focus on securing the perimeter and allowing sun growers to utilize the most economical and efficient method within the secure perimeter without restrictions or requirements on the type or nature of greenhouse or hoop house used for production. Our comments are contained in this single document for ease of access. Specific bulleted comments and comments specific to the rule they pertain to are at the end of this document.

The Economics

The success of this initiative is going to come down to the economics of production and the ability of the state to generate tax revenue. Current prices in the medical and black markets do not reflect the aggressive three tiers of 25% taxes, local taxes and profits at each tier. Additional costs under the legal framework such as start up costs, land acquisition, insurance, labor and compliance with the states seed to sale tracking system further add to production costs. In order for the recreational market to prove successful the price cannot increase as these extra costs are incorporated into the final retail price. This leaves the growers with having to reduce the cost of production to be competitive with the medical and black markets. The only way to compete with and ultimately eliminate the black market is by drastically reducing the cost of production. These kinds of reductions in cost can only be accomplished by allowing growers to grow inexpensively within secured perimeters under the sun.

Rueters new article http://www.huffingtonpost.com/2013/05/15/washington-state-medical-marijuana_n_3283035.html that untaxed medical cannabis will make it more difficult for legal cannabis to compete in the market: "Most pot will likely continue to be consumed by a minority of price-conscious heavy users, so their ability to buy significantly cheaper medical cannabis will make it hard for the recreational market to take hold." We support his analysis of the situation and think it is another reason to adopt security standards that allows cheaper and sustainable production methods. We support the notion that medical cannabis should be reserved for those who are truly sick and that a majority of users under the current medical law should purchase their cannabis from I-502 retail outlets. The truly sick should be exempted from the state taxes with diagnosis from a doctor for qualifying conditions.

The Technology

Advancements in technology that will reduce costs have been overstated. Many indoor growers speak of LED lighting to achieve costs savings. While LED lighting may help at certain stages of growth, no marketable cannabis is currently being produced without using high energy HID lighting because LED alone has not been proven to grow quality cannabis and it is speculation to think that it will ever be able to achieve this. In a review of LED technology titled "Let's Talk About LED Grow Lights" published by Cannabis.info, the online cannabis encyclopedia located here: (<http://www.cannabis.info/USA/library/1676-lets-talk-about-led-grow-lights>), grower Mr. X reported three problems with LED growing: 1) the angle of the light cannot be controlled and therefore requires many lights put at different angles 2) the light is not effective at a distance resulting in only the very top of the plants yielding bud 3) heat had to be introduced offsetting some of the efficiencies gained by LED. Another look into cannabis grown under LED lighting titled "Can you grow marijuana With LED Lights?" published by Growweedeasy.com (<http://growweedeasy.com/LED-grow-lights-marijuana>) found LED grown cannabis yielded less and produced airy buds. Although we believe LED technology is good technology that should be adopted by indoor growers as it advances, it is currently not viable to grow under LED and claims that it will reduce energy consumption and produce marketable cannabis have been exaggerated. Plasma lighting and induction lighting hold more hope to increase the efficiency of growing perhaps by 30%, but is many years out and will never significantly reduce the electrical footprint of indoor cannabis grows or significantly reduce the cost of production.

The Environment

The environmental impacts of indoor cannabis production are well known and researched. Dr. Evan Mill's peer reviewed study published in the [Journal of Energy Policy](#) titled "Up in Smoke: The Carbon Footprint of Indoor Cannabis" estimates that a single joint of cannabis requires enough

Climate Solutions stated that “It’s great we have relatively low-carbon electricity, but that’s not a license to waste it”. Representative Joel Kretz reiterated this sentiment “The waste of our clean hydropower, wind and solar electricity for a nonfood crop used primarily for recreation is simply unacceptable”. Rep. Kretz has introduced house bill 1991 and 1992 to address these issues. The bills direct the LCB to consult with the Dept. of Ecology on the sustainability of different production methods and to adopt rules that treat cannabis as an agricultural crop using the sun as the primary energy source.

Our hope is that the LCB will ultimately draft security rules that allow sun grown cannabis to be grown and that the market will eventually move toward it because of cheaper costs and customer demand for sustainable, organically sun grown cannabis. We believe that given the chance for sun grown cannabis to compete on an even playing field with indoor cannabis will result in achieving the aims of HB 1991 and 1992 without having to pass any legislation. To achieve this, the LCB must adopt a single producer platform where all producers have the same tax burden. If this is through a combined producer/processor license, then all growers should grow under such a license. Also important to creating an equal playing field is opening retail stores at a time that allows for sun grown cannabis to be sold. Opening stores at the beginning of August would achieve this.

The Taxes

Besides the huge environmental impact associated with cannabis grown indoors it is also impossible to produce cheaply enough to sustain three tiers of 25% taxes and a 10% local sales tax and still be below either the untaxed medical cannabis price or the black market. Our analysis shows that with an initial grower- producer price of \$100/oz., and 3 tiers of 40% mark-up the final price is \$420/oz (Table 1), at least double the current medical and black market price.

Profits and Taxes With 40% Mark-ups			
Seller	price/oz	LCB tax	Total
Producer	100	0.25	125
Processor	175	0.25	218.75
Retailer	306.25	0.25	382.8125
			421.09375

Table 1. Analysis of final retail price with 40% mark ups and producer selling price of \$100 ounce.

belief that within five years most cannabis will be sun grown as indoor growers look to remain competitive by reducing costs and the public becomes more aware of the environmental consequences of indoor grown cannabis. However, this can only happen if sun growers are able to operate efficiently and inexpensively.

The Problem with Enclosed, Rigid Greenhouses

The current security standards requiring fully enclosed greenhouses does not allow for sun growers to operate in eastern Washington. This is due to the fact that greenhouses capture much more solar energy than they use resulting in very high internal temperatures. No amount of ventilation or cooling can reduce the temperature enough to be suitable for cannabis production in the hot, dry climate of eastern Washington. No amount of evaporative cooling can achieve this amount of cooling and creates additional issues. Jonathan Valman, owner of Forever Flowering Greenhouses, in separate comments to the LCB explains that as cool air moves across a greenhouse it warms significantly creating inconsistent growing conditions. Evaporative cooling, or cooling pads, also creates a humid growing environment allowing molds and mildews to flourish. The cooling pads themselves are hosts to these molds that then get blown across the greenhouse resulting in required use of moldicides, pesticides, and fungicides which compromise the safety of the final product. Options for controlling mold and fungus are limited by producers who follow strict organic standards.

Perimeter Security

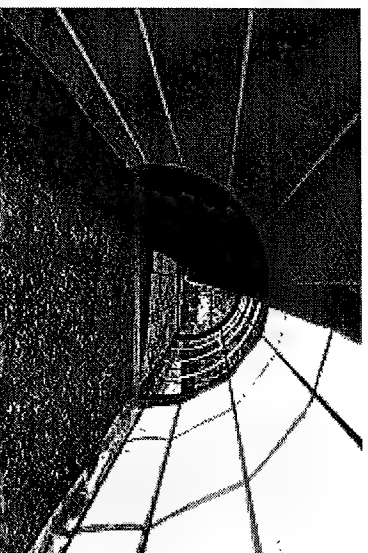
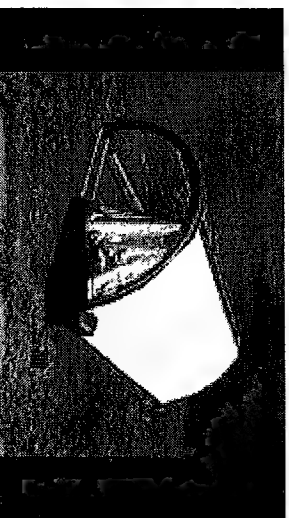
The current security standards seem to have been developed with indoor production in mind. Indoor growing and sun grown cannabis require a very different set of security standards, and the LCB should adopt separate standards for each. By their very nature greenhouses are less secure than warehouses and should have a different set of security standards. From conversations with Dan Williams of Cannabis Security of America, the leading experts in this emerging industry, we understand that the LCB will be receiving a proposed revision of the initial draft security standards that include separate security standards for sun growers with a focus on securing the perimeter. We have not had a chance to review these proposals, but from our conversations understand that they will be adequate to allow various growing methods within the perimeter. We support these standards to the extent that they reduce the cost of production while maintaining adequate levels of security for sun growers.

fencing and planting hedgerows. The LCB could adopt a standard such as “cannabis cannot be directly visible to the general public”, but should avoid establishing rules that restrict where it can be grown besides those already established in the draft rules regarding public space. This would give sun growers some confidence that their location would be acceptable to the LCB as they move to procure land for growing.

I-502 author and ACLU drug policy advisor Allison Holcomb has supported our efforts to have sustainable sun grown, low cost production and for the LCB to adopt security measures that allow production in the eastern half of the state. In a Seattle Times article authored by Bob Young http://seattletimes.com/html/localnews/2021001053_potrulesxml.html she stated “I’d like to see more conversation around what security requirements are actually necessary, and whether or not we can’t have adequate security of outdoor fields,” Holcomb said. “Eastern Washington has fabulous territory for growing this crop.” ,

The Greenhouses and Hoophouses

Adopting a secure perimeter approach allows growers to use affordable automated light deprivation greenhouses such as those manufactured by Harvest Excel or manufactured by the grower. <http://beta.harvestexcelgreenhouse.com/>



Locating Multiple Sun Growers on a Single Tract of Land

Growers within our organization will be looking to reduce the cost of production while increasing security. It has been proposed within our organization that multiple applicants be located on a single piece of land. The licensees would operate independently and have their own secure

Additional comments:

- Applicants under I-502, if currently producing under a medical license, must give up that right if awarded a license by the state to produce cannabis. Producers supplying cannabis for recreational and medical markets poses too great a risk of fraud and should not be allowed.
- The age of prohibition is over and it is no longer necessary to accept the huge environmental impact from industrial indoor cannabis production. We hope that the LCB will adopt additional rules that assess the environmental impact of each licensee including energy consumption and carbon footprint per pound yielded. The LCB should adopt labeling standards that make it clear to the consumer the production method used, energy used and carbon produced in the production of cannabis for sale. The LCB should set energy and carbon limits embedded in the production of cannabis and require offsetting of the electrical use and carbon emissions for cannabis produced beyond these limits.
- Granting some growers a producer license and others a producer/processor license creates an unfair playing field and violates the intent of the initiative to generate state tax revenue for the public good. We encourage the LCB to adopt a single grower platform that allows all growers to compete with the same tax burden. We also believe that reducing the cost of production rather than the tax burden should be the first alternative to reducing the final cost of cannabis.
- A major challenge for sun growers is to locate and procure property suitable for cannabis cultivation that will not violate any of the proposed rules. Indoor growers do not generally have this concern as the operation would not be visible and not likely have extra provisions regarding the security of the site. For a sun grower to enter into a real estate deal only later to find out that the LCB will not accept the proposed land amounts to an undue challenge for sun growers. We recommend that the LCB apply the same location restrictions to sun growers as indoor growers. This will allow potential licensees to assess how suitable a site is and engage in a real estate contract prior to applying for a license. Putting special and unforeseen location restrictions would result in growers not being sure their location is acceptable and having to put together multiple locations with the hopes that one is acceptable. This amounts to an extra burden for sun growers that indoor growers will not have to experience. It appears that the initial rules do not create this problem for sun growers. We recommend that the LCB put out a statement clarifying this so that sun growers can with confidence arrange real estate deals for their operations.

- Combining producer and processor licenses lessens the tax liability for the producer/processor and the potential revenue to the state. While this will reduce the cost of the final product, it will lessen the tax revenue obtained by the state. While the OCA supports combining these licenses, the LCB should maintain the tax structure originally presented by I-502 where 25% of the tax is levied at all three levels, or have a higher single tax rate for producer/processors who sell directly to retailers.
- The rules do not seem to allow a grower to consume his/her own product without purchasing it from a retail outlet. These outlets could be quite a distance away effectively not allowing the grower or employees to sample his/her own product. We recommend that the LCB adopt rules that allow for some limited consumption as a part of a quality control program, or at least to sell to his or herself a limited quantity for the purposes of testing and assessing quality. A grower that cannot sample his/her own product will have little knowledge of the final quality of the product. Similarly, beer producers and distilleries taste their product as a part of quality control program.

Specific comments:

New Section. WAC 314-55-020 Marijuana license qualifications and application process.

Each marijuana license application is unique and investigated individually. The board may inquire and request documents regarding all matters in connection with the marijuana license application. The application requirements for a marijuana license include, but are not necessarily limited to the following:

(7) Per RCW 69.50.331 (1)(b), all applicants applying for a marijuana license must have resided in the state of Washington for at least three months prior to application for a marijuana license. All partnerships, employee cooperatives, associations, nonprofit corporations, corporations and limited liability companies applying for a marijuana license must be formed in Washington. All members must also meet the three month residency requirement. Managers or agents who manage a licensee's place of business must also meet the three month residency requirement.

We believe that applicants should have a residency requirement of 1 year similar to other residency requirements in the state. This would act to prevent a rush of out of state entities into the legal cannabis market.

Destruction of waste product	Destruction of waste product	Destruction of waste product
Description of growing operation include growing media, size of grow space allocated for plant production, space allocated for any other business activity, description of all equipment used in the production, process, and a list of fertilizers, pesticides, herbicides or any other compounds or products utilized in the production process	Description of the types of products to be processed at this location together with a complete description of all equipment and chemical and other compounds used to create extracts and for processing of marijuana-infused products	
Testing procedures and protocols	Testing procedures and protocols	
	Description of the types of products to be processed at this location together with a complete description of processing of marijuana infused products	
	Description of packaging	

Operating plans should include the following:

- An operating plan should describe what waste water affluent will be produced from the operation and have a detailed plan to treat such affluent before discharging it. If plants will be grown in warehouses or pots there must be a wastewater treatment plan in effect approved by the Dept. of Ecology.
- A detailed analysis of the energy requirements of the operation and that the wiring is suitable to handle such requirements
- For warehouse grows, operation plans should include how the grower will limit damage to the building caused by excessive humidity and have insurance that will cover humidity damage to buildings.
- Cost analysis that ensures that the operation has a chance of being profitable at the current retail price.

The security requirements for a marijuana licensee are as follows:

New Section. WAC 314-55-089. What are the tax and reporting requirements for marijuana licensees?

(4)(a) A marijuana producer/processors must pay to the board a marijuana excise tax of twenty-five percent of the selling price on each wholesale sale to another processor (sales from producer to processor), and twenty-five percent of the selling price on each wholesale sale to a retailer (sales from processor to retailer).

Granting some growers a producer license and others a producer/processor license creates an unfair playing field and violates the intent of the initiative to generate state tax revenue for the public good. We encourage the LCB to adopt a single grower platform that allows all growers to compete with the same tax burden. We also believe that reducing the cost of production rather than the tax burden should be the first alternative to reducing the final cost of cannabis.

New Section 314-55-050. Reasons the board may seek denial, suspension, or cancellation of a marijuana license application or license.

Following is a list of reasons the board may deny, suspend, or cancel a marijuana license application or license. Per RCW 66.50.331, the board has broad discretionary authority to approve or deny a marijuana license application for reasons including, but not limited to, the following:

(17) The board determines the issuance of the license will not be in the best interest of the welfare, health or safety of the people of the state.

The OCA strongly supports this reason for denying a license. The LCB is tasked with protecting the welfare of the state. The LCB should not give licenses to operations that use vast amounts of energy and/or have high carbon emissions associated with their operations in order to protect the welfare of the state. Utilizing vast amounts of electricity for growing cannabis artificially increases demand which in most cases leads to higher electrical rates paid by the public. This amounts to a cannabis tax every electrical payer will pay.

New Section. WAC 314-55-083 What are the security requirements for a marijuana licensee?

(3) Surveillance System: At a minimum, a complete video surveillance and recording system for control areas within licensed premises to ensure control of the area. The requirements include image acquisition, video recording, management and monitoring hardware and support systems.

(e) All marijuana or marijuana-infused products that are intended to be removed or transported from marijuana producer to marijuana processor and or marijuana processor to marijuana retailer shall be staged in an area known as the "Quarantine" location for a minimum of seventy-two hours. Transport manifest with product information and weight

(4) Traceability: To prevent diversion and to promote public safety, marijuana licensees must track marijuana from seed to sale. Licensees must provide the required information on a system specified by the board. All costs related to the reporting requirements are borne by the licensee. Plants, lots of useable marijuana or trim, leaves, and other plant matter must be traceable from production through processing, and finally into the retail environment including being able to identify the batches of products such as extracts or infused products from the base marijuana. The following information is required:

- (a) Key notification of "events", such as when a plant enters the system (moved from the clone to the vegetation production area at a young age);
- (b) When plants are to be harvested;
- (c) When plants are destroyed; and
- (d) When useable marijuana or other marijuana products are transported.

Many growers will need to move plants from a vegetative greenhouse to a flowering greenhouse. Will this be considered an event? What does 'notification' consist of? Although we support operations having to document how long plants were in each stage, growers should be allowed to move plants between flowering greenhouses and vegetative greenhouses at their free will and without notification to the LCB. Documenting how long a plant was in vegetative growth or flowering growth is required to assess the electrical use associated with the final product. This will also allow for a complete determination of the sustainability of different methods of production.

New Section. WAC 314-55-085 What are the transportation requirements for a marijuana licensee?

(4) Records of transportation: Records of all transportation must be kept for a minimum of three years at the licensee's location.

We recommend that transportation records be kept for a minimum of two years. A three year requirement is a high burden for businesses and acts to increase costs without justification of the purpose of why a three year record is needed.

(5) Transportation of product: Marijuana or marijuana products that are being transported must meet the following requirements:

(e) Any vehicle transporting marijuana or marijuana products must travel directly from the shipping licensee to the receiving licensee and must not make any unnecessary stops in between except to other facilities receiving product.

We recognize that many products will be shipped across state and that transportation may take longer than a single day to make it to the recipient. We recommend that transporters be allowed to

Daily records of fertilizer inputs seem capricious and unnecessary to insure public safety and amount to an unnecessary burden to the producer. Processors should be required to document and report all inputs into their products. Fertilizer application amounts and rates amount to a grower's proprietary recipe and should be protected. This is the equivalent of Coca-cola giving away the recipe for Coke. Fertilizer inputs amount to trade secrets and should be kept confidential if required to report.

Growers should be encouraged to use sustainable nutrients that may not be commercially available or come with documentation such as cow manure, discarded fish remains, and straw for mulching.

Chemicals used to control mold, pests, weeds, or virus should be recorded and reported.

Records for fertilizers should be limited to a description of what inputs were used, but not on what schedule or quantity.

New Section. WAC 314-55-089 What are the tax and reporting requirements for marijuana licensees?

(4) Marijuana Producer/Processor Licensee: On a monthly basis, marijuana producer/processors must maintain records and report purchases from other licensed marijuana producers, current production and inventory on hand, sales by product type, and lost and destroyed product in a manner prescribed by the board.

(a) A marijuana producer/processors must pay to the board a marijuana excise tax of twenty-five percent of the selling price on each wholesale sale to another processor (sales from producer to processor), and twenty-five percent of the selling price on each wholesale sale to a retailer

Combining producer and processor licenses lessens the tax liability for the producer/processor and the potential revenue to the state. While this will reduce the cost of the final product, it will lessen the tax revenue obtained by the state. While the OCA supports combining these licenses, the LCB should maintain the tax structure originally presented by I-502 where 25% of the tax is levied at all three levels, or have a higher single tax rate for producer/processors who sell directly to retailers. The LCB should look to reduce the cost of production by giving licenses to farmers who grow without the expensive use of lighting. This will insure that the state is generating the expected revenue and the final price of the retail product is still lower than the black market price.

McCall, Karen J

From: Eiken, Chad [Chad.Eiken@cityofvancouver.us]
Sent: Monday, June 10, 2013 3:30 PM
To: rules
Cc: Gathe, Ted; Turner, Greg; Snodgrass, Bryan
Subject: Comments on proposed WAC rules for marijuana licensing
Attachments: COV Comments Draft WAC.pdf

Please see attached comments from the City of Vancouver regarding the proposed changes to the Washington Administrative Code that will implement I-502. Thank you for considering this input, and please do not hesitate to contact me if you should have any questions or require further information.

Sincerely,

Chad Eiken, AICP, Director
Community and Economic Development
(360) 487-7882





City of Vancouver
Comments on I-502 Proposed WAC Amendments
June 10, 2013

1. WAC 314-55-010(3). The definition for Child Care Center should be consistent with the definition in existing state law at RCW 43.215.010 (a) and (b) including the definition of early learning, as follows:
 - (a) "Child day care center" means an agency that regularly provides child day care and early learning services for a group of children for periods of less than twenty-four hours;
 - (b) "Early learning" includes but is not limited to programs and services for child care; state, federal, private, and nonprofit preschool; child care subsidies; child care resource and referral; parental education and support; and training and professional development for early learning professionals;
2. WAC 314-55-010(4) and (15). The definitions for Primary and Secondary School should clarify that it includes both public and private schools.
3. WAC 314-55-010(14). The definition of Recreation Center or facility needs more clarity. If this definition is intended to apply to public facilities, it should follow the language in the definition of Park with regard to public ownership and operation. If the term "facility" is intended to also apply to private athletic clubs or other related uses, this should be clarified as it may further restrict where marijuana related businesses can operate.
4. WAC 314-55-020(1). Recommend changing the second sentence of this provision to read as follow:

"The local authority has twenty days to respond by either recommending approval or rejection of the applicant, or approving or rejecting the location or both." Our City takes the position that while the LCB has the authority to determine the fitness of applicants for a license, the City's zoning regulations will determine where such facilities can be located.
5. WAC 314-55-020(6). Recommend omitting or modifying the last word in subsection (6) to read "required" rather than "requested".

6. WAC 314-55-050(10). Cross-referencing a statute that was apparently copied into I-502 from the statute that provides for the licensing of establishments that serve alcohol does not adequately address the rights of municipalities to object to the initial licensing of marijuana facilities. For example, RCW 69.50.331(9) is almost entirely focused on bad or criminal behavior that occurs in some bars and taverns. How can that criteria be reasonably applied to a city's objection to the initial licensing application for marijuana facilities? Again, this approach and the use of these criteria ignore a city's basic police power and zoning authority. Also recommend using the same format here as is used in WAC 314-55-160 and 165 which addresses objections to marijuana license applications and allows municipalities to request an adjudicative hearing under the APA. This provision should be added to WAC 314-55-070.
7. WAC 314-55-050(11). Consistent with WAC 314-55-160(2), there is no discretion on the part of the LCB to issue a marijuana license if a proposed location is within 1000 feet of any of the enumerated land uses. Therefore, the term "may" in the first sentence should be replaced with "shall".
8. Also, please consider adding a requirement to the license application section that requires the applicant to have a licensed surveyor submit a map demonstrating that the proposed location is not within 1000 feet of any of the enumerated land uses.
9. WAC 314-55-081. There should be stated criteria for determining the number of marijuana retail license locations permitted in each county.
10. WAC 314-55-160. All affected public agencies "shall" (change from will/may) be notified of any marijuana license application as listed in the above WAC. In subsection (2) and elsewhere in these proposed WAC's substitute the phrase "will give due consideration to input from governmental jurisdictions" to "shall give substantial weight to objections from an incorporated city or town. . . ." as provided for in RCW 69.50.331(9).
11. WAC 314-55-165(2). Change "due consideration to "give substantial weight" as discussed above.
12. WAC 314-55-505 and 515 through 540. Provide notice to local government when there is an alleged violation of a statute or regulation by a licensee and notice of the outcome of any enforcement action including but not limited to suspension or cancellation of any license.
13. The draft WAC's should include language that would close a loophole/exemption that exists for "private smoking clubs" under current state law. Private smoking clubs with no employees are exempt from the no smoking in public places law and this exemption could be exploited for private marijuana smoking clubs if the new regulations do not address this.

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 9:21 AM
To: 'Jamie Howsley'
Subject: RE: Comments on I-502 Rules

Jamie,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

From: Jamie Howsley [<mailto:jamie.howsley@jordanramis.com>]
Sent: Monday, June 10, 2013 2:26 PM
To: rules
Cc: Mungia, Ingrid G; Jamie Howsley
Subject: Comments on I-502 Rules

To Whom It May Concern:

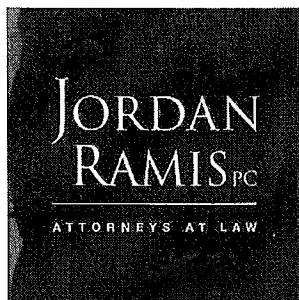
We have provided our comments to the I-502 draft rules via the attached letter. Thank you for the opportunity to provide comments.

Best regards,

Jamie

CONFIDENTIALITY NOTICE: Please do not read, copy, or disseminate this communication unless you are the intended addressee. This e-mail may contain confidential and/or privileged information intended only for the addressee. If you have received this in error, please notify me via return e-mail.

TAX ADVICE NOTICE: IRS Circular 230 requires us to advise you that if this communication or any attachment contains any tax advice, the advice is not intended to be used, and cannot be used, for the purpose of (i) avoiding tax-related penalties or (ii) promoting, marketing, or recommending any transaction, plan, or arrangement. A taxpayer may rely on professional advice to avoid tax-related penalties only if the advice is reflected in a comprehensive tax opinion that conforms to stringent requirements. Please contact us if you have any questions about this requirement, or would like to discuss preparation of an opinion that conforms to these IRS rules.



June 10, 2013

VIA Email rules@liq.wa.gov

Ingrid Mungia
PO Box 43080
3000 Pacific Avenue SW
Olympia, WA 98504-3080

Re: **I-502 Draft Rules Comments**

Dear Ms. Mungia:

JAMES D. HOWSLEY

Admitted in:
Washington and Oregon

WA Direct Dial
(360) 567-3913

E-mail
jamie.howsley@jordanramis.com

OR Direct Dial
(503) 598-5592



Thank you for the opportunity to provide comments on the draft rules. I provide these comments on behalf of myself and potential industry related clients.

Background

In raw cannabis, the precursor to THC (the psychoactive ingredient) is THCA. THCA is THC in its acidic form. This form has been found to provide many of the analgesic effects of the cannabinoids without any of the psychoactive effects. This precursor is converted to THC by decarboxylation, or the shedding of the carbon molecules from the chain, via two processes: drying or heating. Drying causes some decarboxylation but not much. The conversion to THC can only be fully accomplished with heat. Hence the fact that it is marijuana that is smoked, vaporized, baked, heated in oil, etc. As a result, there is an emerging industry that is juicing the raw un-dried cannabis in an effort to capture just the precursor, THCA. This is subsequently made into drinks used by children in oncology wards, for example, that benefit from the analgesic effects and appetite stimulation without any of the psychoactive effects. This product already entered the market in Colorado and California and is sure to come to Washington. But you cannot test these products with a gas chromatograph because it uses heat to vaporize the sample; as a result, the sample is getting decarboxylized by the test. The only way to test for THCA is through high performance liquid chromatography.

June 10, 2013

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Rule Specific Comments

WAC 314-55-102

Because of the differences between the analgesic and psychoactive nature of cannabis it is important that Section WAC 314-55-102 be amended to require that third-party testing labs have the capacity to test THCA and CBDA; the acidic precursors to the THC and CBD cannabinoids. It is imperative for the consumers to have accurate results derived from the appropriate tests based on the desired use of the cannabis. Measuring the precise conversion ratio of THCA to THC and CBDA to CBD is the foundation of consistent and accurate labeling, dosage, and consumer protection and education. Due to the chemical makeup of the cannabinoids, accurate test results can only be achieved by measuring both the psychoactive cannabinoids and their acidic precursors.

WAC 314-55-010

Regarding Section WAC 314-55-010 we wish to go on the record to express our support for current weight limits of a "lot" defined by subsection (9). Requiring a licensee to maintain third-party testing for every lot is the ultimate mechanism for consumer protection. We feel that the current weight limits set forth are adequate to provide this protection and if any changes are to be made to this section, the consumer would benefit from even smaller lot sizes.

WAC 314-55-050

We wish to express some concern with WAC 314-55-050(11) to the extent that a new land use identified in this section seeks to locate next to licensee. There should be some consideration for non-conforming land uses and reasonable time given to relocate.

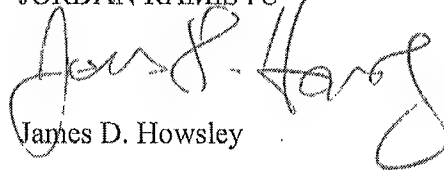
We applaud the Liquor Control Board and its staff for these well thought out rules. And we thank you for the opportunity to provide comments on these draft rules and we look forward to the issuance of the final rules.

JORDAN RAMIS PC
ATTORNEYS AT LAW

June 10, 2013
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Sincerely,

JORDAN RAMIS PC


James D. Howsley

McCall, Karen J

From: McCall, Karen J
Sent: Tuesday, June 11, 2013 9:19 AM
To: 'Katie Bolam'
Subject: RE: City of Fife Comment Letter RE: Draft Rules for I-502 Implementation

Katie,

Thank you for your comments on the initial draft proposed rules for I-502 implementation. They will be considered as we continue to draft rules to implement I-502. To ensure you receive updates on I-502 implementation go to our website at www.liq.wa.gov and sign up for the Listserve under I-502 implementation.

Karen McCall
Rules Coordinator
WSLCB
360-664-1631

-----Original Message-----

From: Katie Bolam [<mailto:kbolam@cityoffife.org>]
Sent: Monday, June 10, 2013 2:15 PM
To: rules
Cc: David Osaki
Subject: City of Fife Comment Letter RE: Draft Rules for I-502 Implementation

Original in today's mail.

Thank you,

Katie Bolam, for David Osaki
Senior Administrative Assistant
Community Development Department
Office: 253-922-9625
5411 23rd St E
Fife, WA 98424



Fife City Hall
www.cityoffife.org
5411 23rd Street East, Fife, WA 98424
Tel (253) 922-2489

June 10, 2013

Rules Coordinator
Liquor Control Board
P.O. Box 43080
Olympia, WA 98504-3080

ALSO SENT VIA EMAIL: rules@liq.wa.gov

SUBJECT: Washington State Liquor Control Board's (LCB) Initial Draft Rules for I-502 Implementation

Dear Rules Coordinator:

Thank you for the opportunity to comment on the Washington State Liquor Control Board's (WSLCB) "Initial draft rules" for I-502 implementation. The WSLCB has indicated that these initial draft rules are being released for public comment in order to adapt and improve these draft rules prior to the official formal rule filing process. This preliminary comment period is appreciated and this letter takes advantage of this early opportunity to offer comment.

At this time, the following comments are offered on the initial draft rules. These comments focus primarily on land use issues and, to some extent, on the licensing notification process to local governments, with the objective of seeking clarification in several areas before the draft rules are formally filed. The City may have additional comment on the entire set of rules once they are formally filed.

With this in mind, Revised Code of Washington (RCW) 69.50.331 (8) states:

"(8) The state liquor control board shall not issue a license for any premises within one thousand feet of the perimeter of the grounds of any elementary or secondary school, playground, recreation center or facility, child care center, public park, public transit center, or library, or any game arcade admission to which is not restricted to persons aged twenty-one years or older."

Unfortunately, several aspects of this provision as reflected in the initial draft rules are not entirely clear. In light of this, the following comments are provided for your consideration as the rules are developed.

1. Proposed Definitions - "Playground" and "Public park"

The initial draft rules define "Playground" and "Public park" as follows:

"Playground" means a public outdoor recreation area for children, usually equipped with swings, slides and other playground equipment, owned and managed by a city or county."

"Public park" means an area of land for the enjoyment of the public, having facilities for rest and recreation (such as a baseball diamond or basketball court) owned and managed by a city, county, state, or federal government".

As written, these definitions raise matters of interpretation and should be revised. For example:

- There is no mention of trails in either definition. Trails are essential components of a parks and recreation system. The proposed definitions would seemingly not include trail systems. It is not clear whether or not this is an oversight or intentional, but it needs clarification.
- There are public park and playground facilities (and trail systems) managed by local governments where the area of land itself is not owned by the city or county. A city or county could, for instance, have a long term lease and/or agreement to use real property as a park site. Literally taken, the reference in the definitions that the area of land be "owned" could preclude leased properties from meeting the definitions of a "playground" or "public park," if only because the land is subject to a long term lease. Therefore, rather than state, "owned and managed," the definitions of "Playground" and "Public park" should state "owned and/or managed."
- The definitions of "Playground" and "Public park" appear to implicitly neglect passive park facilities that may not have playground equipment, baseball diamonds or basketball courts. In the case of "Playground," the proposed definition makes reference to "usually" being equipped with physical improvements such as "swings, slides and other playground equipment." The "Public park" definition makes reference to "facilities for rest and recreation (such as a baseball diamond or basketball court)."

Many park systems include passive park facilities with open space and, for example, trail features. These passive park facilities can be heavily used by the public. It is unclear why the proposed definitions would imply that a playground or public park must have playground equipment or active park uses to qualify for the 1,000 foot separation requirement.

- Although not the situation in the City of Fife, there are special districts (like metropolitan park districts) that own and manage public parks. Stating that a playground needs to be owned and managed by a "city or county" or a "city, county, state, or federal government" in the case of a "Public park" leaves playgrounds and public parks under the operation of a metropolitan park district or other special purpose district open to interpretation.
- Finally, there are many *privately* owned and maintained playgrounds. Playgrounds in subdivisions are one example. Other types of land uses often have playground facilities as well. This includes, for example, religious institutions. The WSLCB should consider including private playgrounds in the definition. These private playgrounds typically cater to children. As justification, note that in RCW 69.50.331 (8) the word "Public" is used in describing a "Public park," but the word "Public" does not precede the word "Playground." Much like the initial draft rules do not distinguish between a public and private school, it would seem as though the latitude exists to apply the 1,000 foot separation requirement to private playgrounds in addition to those "owned and managed by a city or county."

2. Proposed Definition – “Perimeter”

The inclusion of the definition for “Perimeter” is appropriate and needed. It clarifies that the “perimeter” is a property line. What is missing and needed, though, is a definition of “premises.” This is because the 1,000 foot separation requirement in RCW 69.50.331 (8) states:

“(8) The state liquor control board shall not issue a license for any premises within one thousand feet of the perimeter of the grounds of any elementary or secondary school....”

While the initial draft rules define the “perimeter” as being the property line of the listed sensitive land use, the rules do not define how the “premises” of a business proposed for licensing will be determined.

A definition for premises is needed; otherwise, there will be a lack of clarity in how to measure the 1,000 foot separation requirement. For example, for a retail business, would the “premises” be the building (or portion of a building) within which the business is located? Or would it be the property line upon which the business lies? The latter (property line) are typically easier to administer.

3. Proposed Definition – “Game Arcades”

The initial draft rules propose the following definition for “Game Arcade” (proposed WAC 314-55-010(6)):

“(6) Game arcade” means an entertainment venue featuring primarily video game, simulators, and/or other amusement devices.”

As the game arcade industry has evolved, it has taken on different forms. One of the current common gaming facilities involves personal computer gaming facilities. Language that clarifies this would be helpful.

4. Proposed WAC 314-55-160 Objections to marijuana license applications

Proposed WAC 314-55-160 (1) states, in part:

“(1) **How can persons, cities, counties, tribal governments or port authorities object to the issuance of a marijuana license?** Per RCW 69.50.331, the board will/may notify cities, counties tribal governments and port authorities of the following types of marijuana applications...”

Use of the phrase “will/may” should be clarified.

RCW 69.50.331(7)(a) (as referenced also in proposed WAC 314-55-020(1)) specifically requires notification to cities, towns or the County (if in an unincorporated area). Specifically, RCW 69.50.331(7)(a) states:

“(7)(a) Before the state liquor control board issues a new or renewed license to an applicant it shall give notice of the application to the chief executive officer of the

incorporated city or town, if the application is for a license within an incorporated city or town, or to the county legislative authority, if the application is for a license outside the boundaries of incorporated cities or towns."

To provide this level of clarification that notice to cities, towns, and counties is mandatory ("will") and is not discretionary ("may"), proposed WAC 314-55-020(1) should be rewritten as follows:

"(1) How can persons, cities, counties, tribal governments or port authorities object to the issuance of a marijuana license? Per RCW 69.50.331, the board will/may notify cities, towns or counties in which the premises are proposed to be located and may notify tribal governments and port authorities of the following types of marijuana applications..."

Broader notification of marijuana license applications to port authorities, tribal governments and others is certainly encouraged. But it would be helpful if the WAC makes the distinction between those that "will" get notified per the Initiative/RCW language versus those that "may" get notified.

5. Proposed WAC 314-55-165 Objections to marijuana license renewals

Proposed WAC 314-55-165 (1) states,

"(1) The board will give governmental jurisdictions approximately 90 days written notice of premises that hold annual marijuana licenses in that jurisdiction that are up for renewal."

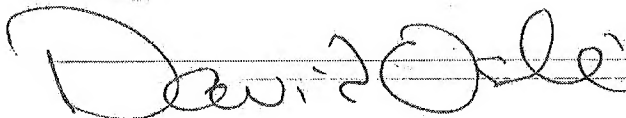
On such an important issue as giving timely and meaningful notice to governmental jurisdictions, the word "approximately" is vague and open to interpretation. To eliminate this ambiguity, a suggested alternative is:

"(1) The board will give governmental jurisdictions approximately a minimum of 90 days written notice of premises that hold annual marijuana licenses in that jurisdiction that are up for renewal."

CONCLUSION

Thank you again for the opportunity to comment on the initial draft rules. We look forward to reviewing the proposed rules when formally filed and providing additional comment at that time. Please contact me at (253) 896-3699 should you have questions or require clarification.

Sincerely,



David Osaki
Director, Community Development